The Mauritius Civil Service Mutual Aid Association Ltd

Annual Report

For the Year Ended

June 30, 2023

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
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FOR YEAR ENDED JUNE 30, 2023

Dear Shareholders,

The Board of Directors is pleased to present the Annual Report of The Mauritius Civil Service Mutual Aid Association Ltd for the year ended June 30, 2023, contents of which are listed below.

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Approved by the Board of Directors on 25 SEP 2023
and signed on its behalf by:

Mr. M.Bheekhee	Mr. P. Ramjug	Mr. N. Dabeesingh
Chairperson	**Director**	**Chief Executive Officer**

THE MAURITIUS CIVIL SERVICE MUTUAL AID COMPANY LTD

Global Economy

According to the International Monetary Fund (IMF) in its World Economic Outlook (WEO) report of July 2023, global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 WEO, it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward.

Mauritian Economy

According to World Bank, in its updated report of March 2023, Mauritius became a high-income country in July 2020 (based on 2019 data). However, the impact of the COVID-19 pandemic caused a slip back to upper-middle-income status in 2021. Despite its successful handling of the public health emergency, the economic impact was severe, and GDP contracted by 14.6% in 2020. GDP growth rebounded by a relatively modest 3.5% in 2021, and accelerated to an estimated 8.3% in 2022, supported by the strong tourism recovery despite headwinds from the COVID-19 Omicron variant wave and the war in Ukraine. Growth is expected to moderate to 4.7% in 2023, negatively impacted by the slowdown in global demand, before converging to its long-term trend over the medium term

The World Bank added that Headline inflation rose from 4% in 2021 to 10.8% in 2022, the highest in over a decade, driven by external supply shocks stemming from the war in Ukraine, which increased the prices of energy and food products, of which Mauritius is a net importer. The current account deficit widened to 14.4% in 2022, and its financing will continue to depend on the financial and capital flows in the Global Business Companies sector. Seeking to control inflation, the central bank hiked the key repo rate six times between March and December 2022 by a cumulative 265 basis points, reaching 4.5%. Inflation is expected to moderate progressively over the medium term, tamed by tightening monetary conditions in major trading partners, while the rollout of a new monetary policy framework in January 2023 should aid in anchoring domestic inflation expectations.

According to Statistics Mauritius, in its National Accounts Estimates of June 2023, GDP at market prices grew at a higher rate of 8.8% in 2022 compared to 3.4% in 2021 and GVA at basic prices expanded by 9.8% in 2022, higher than the 4.0% growth in 2021.

On the basis of policy measures announced in the Budget Speech 2023/2024, particularly those relating to public sector investment projects (Metro Express, road network, drain infrastructure, social housing, etc.) and taking into consideration that the number of tourist arrivals in 2023 will be close to the pre-pandemic level, GDP at market prices is forecasted to grow by 5.3% in 2023 after a growth of 8.8% in 2022 and GVA at basic prices is expected to grow by 5.2% in 2023, following the high growth of 9.8% recorded in 2022.

Experience by Industry sectors

The Mutual Aid Company continued to offer competitive interest rates on deposits and had maintained a premium of 25 basis points to Pensioner depositors during the year under review. As far as loans and advances are concerned, the Company is offering interest rate starting from 5.00% per annum whereas the highest interest rate on deposits is 4.90%.

Since, the Company deals mainly with public sector employees, Covid-19 did not have a major impact on its activities. Regarding IFRS 9, a forward-looking framework was used for the Expected Credit Loss Model, incorporating unemployment rate as the main economic indicator.

Company's Outlook and new line of business

Looking forward, the business segment in which the Company operates is set to remain volatile, with continuing challenges which are outside its span of control. The Company has enhanced its level of preparedness to better perform in a turbulent environment. In view of better catering for the changing needs of its members, the Company has been revisiting its products and services using a risk-based approach.

The Company has the intention to provide new services in the interest of its valued members and for the benefit of the country.

Principal Activities and nature of customers

The principal activities of the Company are to grant loans to its members and to accept deposits from the public. All such activities are carried out at its registered office in Mauritius. The Company has a sub-office in Rodrigues, where loan applications are collected for onward processing in Mauritius.

As regards to its loan activities, the Company deals exclusively with public sector employees based on the principle of mutuality. Regarding deposit taking activities, the Company mobilizes funds from the general public as well as from institutional investors.

For the coming years, the Company will continue to invest in digital channels in the interest of its valued members.

Financial Analysis:

Statement of financial position

Despite the challenging economic and financial environment, the Company managed to grow its loans book, closing at Rs 35.4 billion compared to Rs 34.4 billion last year. In the rising interest and uncertain economic environment, the Company has been prudent in its approach to lending.

The total deposits as at June 2023 stood at Rs 20.3bn thus showing the high level of trust placed in the Company by its depositors. Besides, the Company has embarked in a diversification of its source of funding in line with its Liquidity Risk Management Framework. As such, borrowings from banks stood at Rs 2.4bn as at end of June 2023.

Cash and cash equivalents, HQLAs, and placements with banks and non-banks financial institutions have been undertaken to meet the minimum requirement of 10% investment in liquid assets. As at end of June 2023, the liquid assets ratio stood comfortably at about 28% which is in line with the liquidity risk management strategy of the Company.

The Company maintained cash and cash equivalents to the tune of Rs 1.0bn as at June 2023. Placements made by the Mutual Aid Company in other financial institutions stood at Rs 507m at the end of June 2023.

During the year under review, the Company invested in treasury bills and notes in order to create a pool of High-Quality Liquid Assets (HQLAs). Investment in HQLAs stood at Rs 3.95bn as at end of June 2023.

The total Tier 1 and Tier 2 capital of the Company was to the tune of Rs 15.1bn for the year ended June 2023. The weighted amount of on-balance sheet assets was Rs 19.3bn for the same year. Consequently, the CAR of the Company has increased to about 78% thus confirming once more the financial soundness of the Company.

The Company has adopted the IFRS 9 model and an amount of Rs 700.6m has been recognized in the statements of financial position as regards to total Expected Credit Loss. However, there has been a charge of Rs 90.2m for the year ended June 2023 compared to a release of Rs 319.7m for last year.

The Company has been consistent in managing downward its non-performing loan book, from Rs 1.25bn as at June 2022 to Rs 1.07bn as at June 2023. The NPL ratio improved from 3.51% as at June 2022 to 2.94% as at June 2023, and remains amongst the lowest on the market.

Statement of comprehensive income

The Company operating income improved by 10.29%, from Rs 1.85 bn in 2022 to Rs 2.04 bn, for the year ended June 2023.

Net interest income also improved in 2023, by 10.08% compared to the year 2022, principally on account of diversification of funding strategy of the Company. The group profit before tax stood at Rs 1.7bn for the year 2023.

The Company continues to maintain a relatively low cost to income ratio. For the year ended June 2023, the cost to income ratio stood at about 16%, thus testifying in a real way the high level of operational efficiency achieved.

Achievements v/s objectives and plan for 2024

Sn.	Area of performance	Performance of 2023	Objectives June 2024
1	Return on average Equity (ROAE)	A ROAE of 11%,	To achieve a ROAE of above 10%.
2	Return on average Assets (ROAA)	A ROAA of 3.3%.	To achieve a ROAA of above 4%.
3	Operating income	Increase in operating income of 10%	To achieve operating income of more than 10%
4	Cost-to-income ratio	Cost-to-income ratio of 16%	Maintain Cost-to-income ratio of less than 20%.
5	Deposits growth	A decline of 9% in deposits	Another decline of about 8% is expected due to diversification of sources of funding
6	Impaired loans	Impaired loans of 2.94%	Maintain an Impaired loans of less than 4%
7	Net Impaired ratio	Impaired Ratio of 1.44%	To achieve a ratio of less than 1.50%
8	Capital adequacy ratio	CAR at 78% as at June 2023	Maintain CAR above 70%.

Statement of profit or loss

	Year ended June 2023 Rs'000	Year ended June 2022 Rs'000	Year ended June 2021 Rs'000
Net Interest Income	2,017,709	1,832,981	1,772,339
Operating Income	2,036,463	1,846,508	1,782,845
Net credit loss (expense)/release on financial assets	(90,166)	319,734	4,205
Profit before income tax	1,687,529	1,697,667	1,493,435
Income tax expense	311,808	287,901	104,902
Profit after income tax	1,375,721	1,409,766	1,388,533

Interest income and expense

	Year ended June 2023 Rs'000	Year ended June 2022 Rs'000	Year ended June 2021 Rs'000
Interest income			
Loans and advances to members	3,059,258	2,458,082	2,429,490
Financial assets at amortised cost	60,978	44,494	33,621
Placements and bank balances	13,334	43,440	99,829
Interest expense			
Deposits from customers	933,071	665,702	725,553
Interest on loans	63,268	-	-
Interest on retirement savings scheme	48,674	47,333	65,048
Interest on MSC Fund	70,849	-	-
Net interest income	2,017,709	1,832,981	1,772,339

Interest income, generated by loans and investments, increased by 23% as a result of rises in interest rates during the year, coupled with a growth in the loan book of the Company.

Whereas interest expenses rose by 56%, mainly attributed to the increase in cost of deposits due increase in interest rate. The cost of deposits substantially increased from Rs 666m to reached Rs 933m in 2023 which triggered a change in funding strategy where borrowing from Banks have been considered.

Besides, the Company has henceforth credited the Mutual Solidarity Contribution Scheme, with an interest income of Rs 71m in order to improve the solvency of the Scheme in the interest of members of the Company.

Non-interest expense and cost management

	Year ended June 2023 Rs'000	Year ended June 2022 Rs'000	Year ended June 2021 Rs'000
Personnel expenses	151,791	132,831	121,256
Depreciation and amortisation	46,306	43,407	50,550
Other expenses	129,187	98,178	114,342

Non-interest expenses increased by 19% compared to 2022, bringing the cost to income ratio to 16% which is amongst the lowest in the financial sector.

Personnel expenses increased by 14% compared to last year, as a result of a rise in pension costs, provision for staff statutory bonus and benefits and recruitment costs.

Gross Credit exposure

As shown in the table below, the Company has a well-diversified loan schemes for the benefit of members of the Company:

	Year ended June 2023 Rs'000	Year ended June 2022 Rs'000	Year ended June 2021 Rs'000
Secured by guarantors' personal loans	27,476,359	27,536,699	27,818,912
Unsecured personal loans	4,431,439	3,658,391	3,356,490
Housing loans	2,600,862	2,422,326	2,027,468
Education loans	382,436	323,860	250,535
Pensioner loans	1,288,005	1,274,039	1,250,199
Motor vehicles loans	124,181	105,428	76,450
Other loans	133,521	120,529	121,559
Total	**36,436,802**	**35,441,271**	**34,901,612**

Total lending exposures increased during the year, to close at Rs 36.4 billion as at June 2023 compared to Rs 35.4 billion as at June 2022. The main loan product of the Company is personal loan which accounts for nearly 88% of the loan book.

Credit quality

The table below shows the data on impairment and related ratios for the past 3 years.

	Year ended June 2023 Rs'000	Year ended June 2022 Rs'000	Year ended June 2021 Rs'000
Impaired advances	1,069,780	1,245,255	1,448,278
Allowance for impairment – Stage 3	525,750	534,182	696,150
Prudential provisions	169,803	327,081	268,264
Impaired advances/ gross advances ratio	2.94%	3.51%	4.15%
Net impaired ratio	1.51%	2.04%	2.20%
Net impaired to equity ratio	3.43%	4.90%	5.72%
Provision coverage ratio inclusive of prudential	65.02%	69.16%	66.59%

The Company has a very good loan book as testified by the above-mentioned data on impairment and ratios. Besides, the Company has also provided for prudential provisions and the ratio of net impaired to equity is very low thus testifying the strong capital base of the Company.

Prudential Provisions

If the specific provision computed in terms of Prudential Provisioning Norm is higher than the specific provision computed in terms of Accounting Standard, the difference has been accounted as General Provision, through an appropriation of distributable reserves.

For the purpose of Prudential Provisioning, personal loans secured by guarantors are classified as unsecured loans and full provisions are considered.

A breakdown of gross advances, impaired advances and related specific provisions as at June 2023 is shown below:

Schemes	Year ended June 2023		
	Gross loans	Impaired loans	Specific provisions
	Rs'000	Rs'000	Rs'000
Secured by guarantors' personal loans	27,476,359	823,951	391,916
Unsecured personal loans	4,431,439	189,375	105,797
Housing loans	2,600,862	33,291	18,842
Education loans	382,436	5,239	1,450
Pensioner loans	1,288,005	16,345	7,055
Motor vehicles loans	124,181	-	-
Other loans	133,521	1,580	689
Total	**36,436,802**	**1,069,780**	**525,750**

Mr. M.Bheekhee
Chairperson

Mr. P. Ramjug
Director

Mr. N. Dabeesingh
Chief Executive Officer

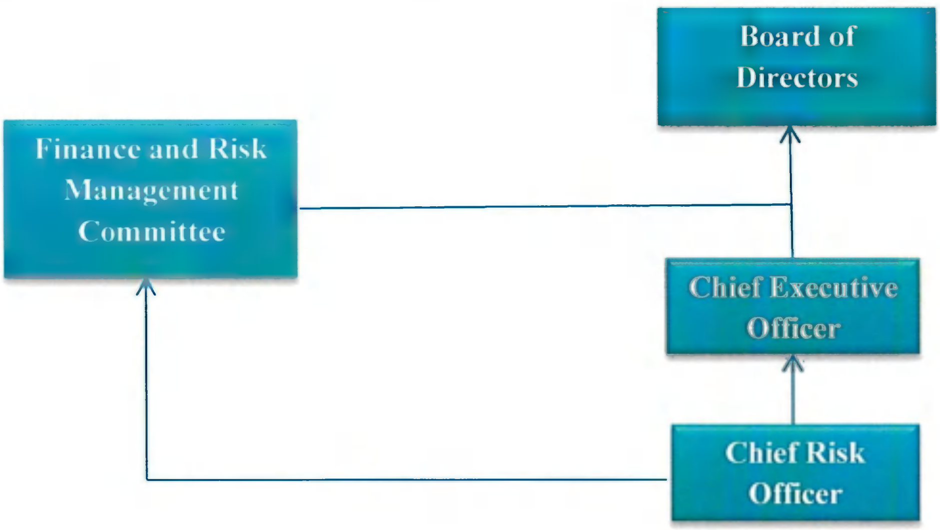
Risk Management Report

Risk Management

Risk Management at the Mauritius Civil Service Mutual Aid Association Ltd ('Mutual Aid' or 'Company') is a key element in determining and implementing the Company's strategic planning. This report focuses on the risk management strategy, risk functions and risk outcomes of the Company.

The Structure

The Mutual Aid's Board of Directors (the Board) has the ultimate responsibility for the oversight of risks within the Company. The Board is responsible for risk governance and ensures that the Mutual Aid develops and executes a comprehensive and robust system of risk management. The Board ensures the maintenance of a sound internal control system.



The responsibility of risk management has been delegated by the Board to the Finance and Risk Management Committee (FRMC).

The FRMC assists the Board in fulfilling its risk management responsibilities. The FRMC is responsible for:

- Ensuring the effective operation of Mutual Aid's risk management framework;

- Monitoring Mutual Aid's key risks on a regular basis in accordance with the risk management framework;
- Reviewing and recommending to the Board any proposed changes to the risk management framework and associated risk management procedures.

The Company has an independent risk management team headed by a Chief Risk Officer (CRO) who reports to the Chief Executive Officer (CEO) on a quarterly basis to the Finance and Risk Management Committee.

The mandate of the acting CRO came to an end as from March 2023, since then the Company is in the process of appointing a new CRO.

Mutual Aid has a clear organisational structure and comprehensive policies and procedures in place to identify, evaluate, monitor and control risks across the organisation.

Risk Defence Model

Mutual Aid has adopted a three level defence model:

1st line of defence

Risk Owners

The first line of defence is provided by front line staff from the business units. The systems, internal controls, control environment and culture developed and implemented by the business units is crucial in anticipating and managing risks.

2nd line of defence

Risk Oversight

The second line of defence is provided by the risk management and compliance functions. These functions provide the oversight and advice necessary to support the first line in identifying, managing and monitoring risks.

3rd line of defence

Risk Assurance

The third line of defence is provided by the internal audit function. This function provides a level of independent assurance that the risk management and internal control framework are working as designed.

Risk Management Framework

The Company adopts a comprehensive, organized and systematic approach towards risk identification, assessment, management, monitoring and reporting which is adapted accordingly within the organisation. The Overall Risk Management Framework of The Mauritius Civil Service Mutual Aid Association Ltd provides guidance and support in order to attain sustainable business growth within the organisation. The Overall Risk Management Framework englobes responsibility, accountability, and reporting to ensure an efficient approach to risk identification, assessment, management, monitoring and reporting.

The risk management approach, which is of strategic importance for the Company, provides the adequate mechanism to manage its risk universe effectively. Mutual Aid's risk management approach consists of several steps:

The Risk Appetite

Aggregate level and types of risk the Company is willing to assume within its risk capacity to achieve its strategic objectives and strategic plan.

Maximum level of risk the Company assumes and this is determined by regulatory requirements, liquidity needs, the operational environment and its obligations to members, depositors as well as other customers and other stakeholders.

Key Risk Areas Overview

Risks can be defined as the uncertainty of an event to occur in the future.

The principal risks and uncertainties faced by the Mutual Aid and the way in which each key risk is being managed and described are as follows:

Key risks	Description	Mitigation Actions
Financial Risks		
Credit risk	Credit risk is the risk of credit loss that results from the failure of a borrower to honour the borrower's credit obligation to Mutual Aid.	Credit risk is managed through regular reviews of loan arrears, followed by appropriate actions taken by management. The Company has established clear and consistent policies and processes to manage credit risks.
Liquidity Risks	Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.	Liquidity risk is managed in line with Mutual Aid's Liquidity Risk Management Framework. The Company has a comfortable level of HQLAs to cater for any unforeseen cash outflows. The liquidity situation is reviewed regularly by the Finance and Risk Management Committee.

Market Risk	Market Risk is the risk that future cash flows of assets and liabilities will fluctuate because of changes in market interest rate.	The Company exercises a close follow-up on the market interest rates and adapts its interest margins in response to changes in the market rates.
Interest Rate Risk	Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	Mutual Aid uses an interest rate gap analysis to measure and monitor the interest rate risk.
	Non – Financial Risks	
Operational risk	Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	The operational risk is managed through a conducive control environment with policies, procedures, processes, systems as well as appropriate training conducted within the organisation.
Strategic Risk	The risk of non-attainment of the planned strategic objectives, the consequences of inappropriate strategies or the decline in income or margins, which negatively affects profitability.	Strategic Risk is evaluated and monitored regularly in a strategic meeting in which members of the Board of Directors and Senior Management participate.
Reputational Risk	Reputational Risk is the risk that negative perceptions of the Company's conduct or business practices may adversely impact its profitability or operations through an inability to establish new or, maintain existing customers / clients' relationships.	Mutual Aid manages reputational risks through: – Effective framework of prudential management and good governance; – Efficient communication with all stakeholders; – Effective Media Management; – Timely and effective operational response.

	Mutual Aid is aware that reputation is affected when something is done that causes stakeholders to lose trust in an organisation.	
Information Technology Risk	Technology risk, or information technology risk, is the potential for any technology failure to disrupt a business. Technology risks include information security incidents, cyberattacks, password theft and service outages.	Information Technology Risk is managed through: - Documented policies, processes and procedures; - Carry out security risk assessments at defined intervals in accordance with the risk assessment methodology; - Awareness programs on information security is available to all Mutual Aid employees and regular training imparted.
Compliance Risk	Compliance risk is the risk that the Company fails to comply with existing statutory, regulatory and compliance regulations, thereby impacting adversely on the Mutual Aid's financial position and reputation.	This risk is managed through continuous review of systems in place, adherence to Mutual Aid's procedure manuals and assignment of the compliance department independent of the normal course of transactions. The department ensures that the activities carried out are in conformity with the laws, regulations, and guidelines governing the banking sector and with the principles of good governance. Any departure is reported to the Audit and Corporate Governance Committee.

Legal Risk	Legal risk is the risk that the business activities of Mutual Aid have unintended or unexpected consequences.	Mutual Aid identifies and manages legal risk through its legal advisers.
Money Laundering risk	Money Laundering risk is the risk that arises intentionally or unintentionally by criminal activities. The risk englobes Money Laundering (ML) and Financing of Terrorism (FT) and Proliferation risks.	In order to mitigate Money Laundering risks, the following policies have been established: • Review of all policies is carried out **every year** by the Board of Directors; • Monitoring on new AML/CFT legislations is conducted on a **daily basis**; • Review of ML/TF risk assessment is carried out **at least once every year** or when material trigger events occur, whichever is earlier; • Monitoring of cash transaction is conducted on a **daily basis** and reporting of same is conducted on a **quarterly basis**; • Review of **high-risk customers** is performed **yearly** by respective heads of sections; • Review of **medium risk customers** is done on a **three-year basis** by respective heads of sections and; • Review of **low-risk customers** is done **on a four-year basis** by respective heads of sections.

Credit Risk Management

Mutual Aid takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises principally from the loans that the Company has granted. Credit risk is the main risk faced by the Mutual Aid as a result of its daily business operations.

Credit Monitoring and Management

Credit risk exposures are managed through a robust post disbursement monitoring process. This involves regular portfolio reviews and detection of any early warning signals by the Debt Recovery Unit. Exposures showing signs of deterioration are put on a watch list and the files are reviewed at least monthly to ensure prompt actions are taken.

Credit risk is managed through regular review of loan arrears, followed by appropriate actions taken by management. Exposure to credit risk is also managed by obtaining personal guarantee of at least one guarantor for the main personal loan scheme. For home loan and fixed charge loan, credit risk is managed by obtaining collateral from the borrower.

Given the nature of the Company's activities which is to lend to members who are in the public sector, the loan instalments are deducted at source from the members' salaries and remitted to the Company by the respective employers, thereby limiting the risk of default. Furthermore, in case the loanees pass away, the loans are written off against the Mutual Solidarity Contribution Fund.

Credit-related commitment

Credit related commitment include undrawn commitments on committed facilities.

Credit-Related commitment	Year ended June 2023	Year ended June 2022
	Rs' 000	**Rs' 000**
Loans	**4,308**	**7,560**

Loan Exposures to Customers

Based on the Company's business model, the loan book is segregated as follows:

- Government
- Non – Government (Parastatal Bodies)
- Pensioners

Credit Concentration Risk

Credit Concentration risk pertains to large risk exposures that might generate large losses and can potentially threaten the financial solvency of the Company. In order to mitigate such risk, Mutual Aid has set prudential limits within the regulatory limits designed to further restrain concentration to single customer.

Regulatory Credit Concentration Limit
Aggregate credit exposure to any single customer shall not exceed 25% of the Mutual Aid Association's Tier 1 Capital.
Aggregate credit exposure to any group of connected counterparties shall not exceed 40% of the Mutual Aid Association's Tier 1 Capital.
Aggregate large credit exposures to all customers and groups of connected counterparties shall not exceed 800% of the Mutual Aid Association's Tier 1 capital.

Based on the business model of Mutual Aid, loans are provided to public sector employees only and are disbursed subject to a 55% maximum deduction on gross salary. This reduces the credit concentration risk to a minimal level.

The top five Single Borrower exposures in concentration percentages for the year ended 2023 and 2022 are shown below:

	2023		2022	
Single Borrower	**Exposure Rs' 000**	**% of Tier 1 Capital**	**Exposure Rs' 000**	**% of Tier 1 Capital**
1	9,501	0.06	8,343	0.07
2	8,944	0.06	7,729	0.06
3	8,493	0.06	6,350	0.05
4	5,921	0.04	6,106	0.05
5	5,912	0.04	3,115	0.02

Related Party Transactions

Related party exposures are defined as the Bank of Mauritius (BOM) Guideline on Related Party Transactions. Further to the revised guideline on May 12, 2022, a sub-committee was set up for consolidating reports from all the parties before they are submitted to the Board. The Company has a policy on Related Party Transactions approved by the Board. All operations are conducted within the Board approved policy and the quarterly reports are promptly submitted to the Bank of Mauritius as required.

As at 30 June 2023, the total outstanding loan balances to Related Parties represent 0.29% of Tier 1 core capital, which is well below the limit of 60% set in the BOM Guideline on RPT Transactions.

None of the loans advanced to related parties were classified as non-performing at 30 June 2023.

The table below sets out the six largest related party exposures and respective percentages of the Company's Tier 1 capital:

	As at 30 June 2023		As at 30 June 2022	
Related Party	**Exposure Rs' 000**	**% of Tier 1 Capital**	**Exposure Rs' 000**	**% of Tier 1 Capital**
1	5,919	0.04	6,446	0.05
2	5,911	0.04	5,826	0.05
3	5,389	0.04	5,535	0.04
4	5,366	0.04	5,495	0.04
5	5,112	0.03	4,344	0.03
6	3,985	0.03	3,749	0.03

Credit Quality

Impairment and Provisioning Policies

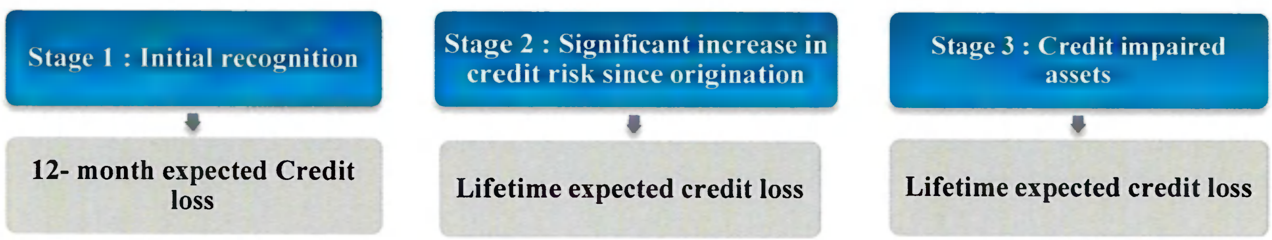
Impairment provisions are recognised for financial reporting purposes under International Financial Reporting Standard IFRS 9 and the relevant BOM guidelines. Mutual Aid adheres to the IFRS 9 principles and ensures proper classification of assets (non-Performing assets) and maintains adequate provisions (lifetime Stage3 ECL) under Stage 3.

IFRS 9 implementation

• IFRS 9 has replaced the incurred loss model (whereby losses were recognised when a default event occurred) with an Expected Credit Loss (ECL) Model. This implies that provisions are calculated upon recognition of financial assets, based on the potential losses expected on the latter. Of note, the standard also requires off-balance sheet items be taken into account in determining ECLs.

• In measuring ECL, three main parameters are considered and estimated, namely: (i) Probability of Default (PD), which represents the likelihood of a default event occurring; (ii) Loss Given Default (LGD), which denotes the estimated losses in the event that a default event occurs; and (iii) Exposure at Default (EAD), which reflects the exposure at risk at a point of default. In addition, IFRS 9 requires that allowance be made of forward-looking information in the calculation of ECL, taking into consideration past, actual and future insights on customer behaviours and macroeconomic indicators.

• IFRS 9 depicts a three-stage approach to the impairment calculation of financial assets. To determine the staging status of the asset, IFRS 9 requires an assessment of whether or not there has been a significant increase in credit risk since initial recognition. This dictates the basis on which its ECL is calculated, as illustrated below:



Stages 1 and 2 outstanding balances

	[redacted]	[redacted]
Loan and Advances Stages 1 and 2	**Loan and Advances to customers**	**Loan and Advances to customers**
Stage 1	96%	95%
Stage 2	1%	2%

As a result of proactive and effective monitoring of the total credit portfolio 96% of the portfolio remains within stage 1. The stage 2 bucket contributes 1% to the overall portfolio.

Rescheduled Advances

Rescheduling is an approach used to assist clients who are experiencing a temporary cash flow problem and require some concessions in their view of a change in their circumstances. Rescheduled Advances consist of facilities whose original terms and conditions were amended as formally agreed by both Mutual Aid and the client.

The form in which the rescheduling exercise takes place will depend on the situation in which the client finds itself. This might entail an extension of the facility's maturity, a moratorium on capital repayment or complete restructuring.

It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. The Company follows the requirements of the Bank of Mauritius Guideline on Credit Impairment and Income Recognition on restructured facilities.

Liquidity Risk Management

Liquidity risk is the risk that Mutual Aid is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitment or other cash outflows.

The Company ensures that sufficient liquidity is maintained to fund its day-to-day operations, meet deposit withdrawals and loan disbursement. Mutual Aid's Finance team manages the Company's liquidity position on a day-to-day basis to fund its daily operations, meet deposit withdrawals and loan disbursement.

The liquidity and cash flow reports are tabled to Senior Management on a daily basis and on a monthly basis to the Finance and Risk Management Committee.

The Company has devised a documented Liquidity Risk Management Framework (LRMF) to manage its liquidity risk.

The LRMF defines the Company's objectives for managing liquidity risk, set conditions for the calculation of the minimum size of the Liquidity Buffer (the Liquidity Buffer consists of cash, unencumbered bonds and money market securities as well as deposits) and the funding needed to support an adequate Liquidity Buffer.

The Company's business model entails liquidity risk mainly through maturity mismatches between the Company's assets and liabilities (funding and equity) amounts and interest rates, maintenance of concentration risk, maintaining appropriate funding sources and liquidity ratios.

Liquidity risk is managed by setting prudential limits on maturity mismatches, liquid assets ratios and concentration of deposits. The primary tools that Mutual Aid also uses to monitor and manage the liquidity risk are: the Basel III Liquidity Ratios namely, Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and the liquidity gap analysis as stipulated in Mutual Aid's LRMF. It also monitors other ratios and Early Warning Indicators to assess its liquidity situation. The Company also maintains a portfolio of highly liquid assets. Liquidity gap analysis is used to measure and monitor the mismatches by time bucket under normal and stress scenarios. Stress testing and scenario analysis form an important part of the Mutual Aid' liquidity management process.

Liquidity risk is monitored on a daily, weekly, monthly, quarterly and yearly basis through reports, analysis, stress testing and forecasting.

The risks are managed on an ongoing basis and the Company has adopted a more prudential approach as regards to liquidity requirement and provisioning.

In line with the Mutual Aid's LRMF requirements, the Company maintains a comprehensive liquidity contingency funding plan with well-defined action plans in event of a liquidity crisis.

Liquidity Profile

The liquid asset ratio provides an assessment of the extent to which assets can be readily converted into cash or cash substitutes to meet financial commitments. Mutual Aid liquid assets echo a sound liquidity standing, adequate to counterbalance the impact of a stressed funding environment.

	Liquidity Metrics	
	June-23	June-22
Liquid Asset Ratio	28%	23%
Liquidity Coverage Ratio (LCR)	4053%	4994%
Net Stable Funding Ratio (NSFR)	111.16%	106.50%

Liquidity Coverage Ratio (LCR)

The objective of the LCR is to ensure that a financial institution maintains an adequate stock of unencumbered high quality liquid assets (HQLA) that consist of cash or asset that can be converted into cash at little or no loss of value to meet its liquidity needs for a 30-calendar day time period under a severe liquidity stress scenario.

LCR is computed as the percentage of high-quality liquid assets to total net cash outflows over the next 30 days, under a severe stress scenario.

Net Stable Funding Ratio (NSFR)

Under Basel III, the NSFR aims to promote the resilience of a financial institution over a longer time horizon by requiring the latter to fund its activities with sufficiently stable sources of funding so as to mitigate any future funding stress.

Mutual Aid regularly monitors its performance in terms of NSFR, which requires an amount of available stable funding to be maintained in relation to required stable funding.

Capital Risk Management

Capital risk is the risk that the Company has insufficient capital resources to meet the minimum regulatory requirements where regulated activities are undertaken to support its growth and strategic options.

The Company's capital management objective is to ensure that adequate capital resources are available for sustained business growth as well as coping with adverse situations. The minimum capital adequacy ratio that has to be maintained by the Company is 10% of risk-weighted assets computed as follows:

	As at 30 June 2023 Rs'000	As at 30 June2022 Rs'000
Tier 1 capital	**15,136,209**	13,964,569
Tier 2 capital	-	-
Total capital base	**15,136,209**	13,964,569
Risk weighted assets	**19,314,315**	18,355,274
	2023	2022
Capital adequacy ratio	**78%**	76%

New Emerging Risks

Mutual Aid continues to build on its strong foundation with solid risk fundamentals and it continues to scan the horizon for emerging risks to proactively mitigate risks as they are identified.

Climate Change

The roadmap on climate and environment related financial risk has been submitted to BOM in September 2022. The Company is under the process of developing its climate-related and environmental financial risks Framework.

Cyber Security

The Company continues to recognise the cyber risks as the important risk trait and shall develop a cyber and technology risk management framework.

Macroeconomic

The Company continues to closely monitor the impact of rising inflation on the credit quality of its portfolio and the wider implications on its operations.

The financial statements for the Group's operations in Mauritius presented in this annual report have been prepared by Management, who is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards as well as the requirements of the Mauritius Companies Act 2001, Financial Reporting Act 2004 and the Banking Act 2004, and the guidelines issued thereunder, have been applied and Management has exercised judgement and made best estimates where deemed necessary.

The Group has designed and maintained accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organisation and governance structures providing a well defined division of responsibilities, authorisation levels and accountability for performance and the communication of the Group's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Group.

The Group's Board of Directors, acting in part through the Audit Committee and Corporate Governance Committee which comprises independent directors, oversees Management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

The Group's Internal Auditor, who has full and free access to the Audit Committee, conducts a well designed program of internal audits. In addition, the Group's compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of the Banking Act 2004, the Bank of Mauritius makes such examination and inquiry into the operations and affairs of the Group, as it deems necessary.

The Group's external auditor, Deloitte, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

Mr M. Bheekhee	Mr. P. Ramjug	Mr. N. Dabeesingh
Chairperson	**Director**	**Chief Executive Officer**

Date: 25 SEP 2023

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received or due and receivable were as follows:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Executive/Non-executive directors	20,553,184	22,879,876	18,687,184	21,943,876
	20,553,184	22,879,876	18,687,184	21,943,876

The directors consider the requirement for individual disclosure of director's remuneration to be commercially sensitive information and regard it as not being in the interest of the company to make such disclosure.

DONATIONS

There was no donation made in 2023 (2022: Nil and 2021: Nil) as disclosed in the Corporate Governance report.

AUDITORS

The fees payable to the auditors were:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Audit Fee by Deloitte	2,371,875	2,587,500	2,277,000	2,501,250
Other services (Note 1)	546,250	500,250	523,250	477,250
	2,918,125	3,087,750	2,800,250	2,978,500

Note 1

For 2023, the other services relate to tax services and AML/CFT assignments paid to Deloitte.

OBJECTIVES AND CORPORATE GOVERNANCE STRUCTURE

Corporate Governance is the process and framework used to direct and manage the business and affairs of 'The Mauritius Civil Service Mutual Aid Association Ltd' (thereafter referred to as 'Mutual Aid' or 'Company') with the objective of ensuring its safety and soundness and enhancing shareholders' value. The process and framework define the division of power and establishes mechanisms for achieving accountability between Board of Directors, Management and shareholders, while protecting the interests of depositors and taking into account the effects on other stakeholders such as creditors, employees, customers and the community.

Because of its special position of trust towards its various stakeholders, its Corporate Governance is a matter of paramount importance. The Mutual Aid is a highly leveraged institution with most of its funds coming from depositors. The guideline on Corporate Governance issued by the Bank of Mauritius and the National Code on Corporate Governance applies to Mutual Aid as a non-bank deposit taking institution. The relevant requirements of the Banking Act 2004 and the Companies Act 2001 have also been taken into account.

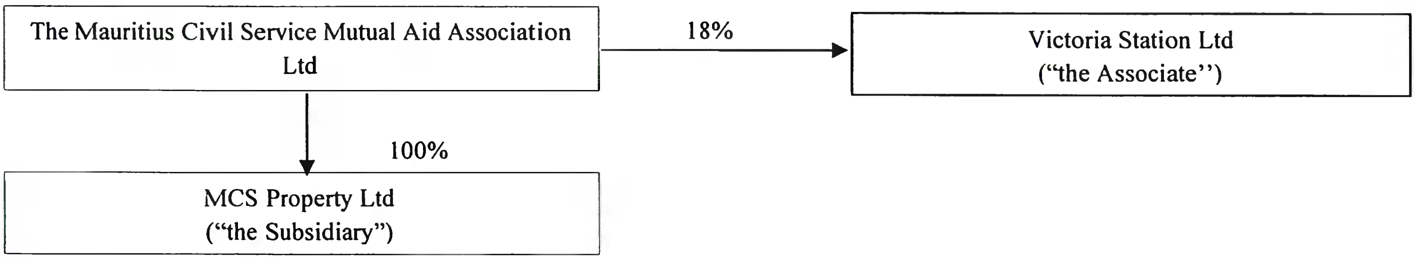
CORPORATE GOVERNANCE PRACTICES AND POLICIES

Mutual Aid's Corporate Governance system consists of the Board of Directors, Board Committees, Management, Internal and External Auditors, industry best practices as well as established policies and procedures across all operations. This framework ensures that the business and affairs of Mutual Aid are managed in a transparent and ethical manner and in the best interest of stakeholders in general and in particular the shareholders.

COMPLIANCE STATEMENT

Mutual Aid is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the Company is managed ethically and responsibly to enhance business value for all stakeholders. As an essential part of this commitment, the Board subscribes to and is fully committed to complying with the National Code of Corporate Governance for Mauritius.

GROUP STRUCTURE



SUBSIDIARY

The Mutual Aid has incorporated a wholly owned subsidiary (the MCS Property Ltd) in 2017 to own and rent idle space in its freehold buildings.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS

Principle 1: Governance Structure

The Mauritius Civil Service Mutual Aid Association Ltd is headed by an effective Board of Directors. Responsibilities and accountabilities within the Mutual Aid are clearly identified.

The Board of Directors affirms that the Mutual Aid is a public interest entity as defined by law. According to the Financial Reporting Act, a public interest entity includes a financial institution regulated by the Bank of Mauritius, and therefore includes The Mauritius Civil Service Mutual Aid Association Ltd.

The Board of Directors affirms that Mutual Aid has applied all of the Principles contained in the National Code of Corporate Governance and assumes responsibility for leading and controlling Mutual Aid, as per legal and regulatory requirements applicable to the Company.

The Board has approved all the key guiding documents and policies and affirms each key governance role, as follows:

1. Its charter
2. Code of Ethics
3. Job description of the CEO
4. Organizational chart (See below)
5. Statement of major accountabilities

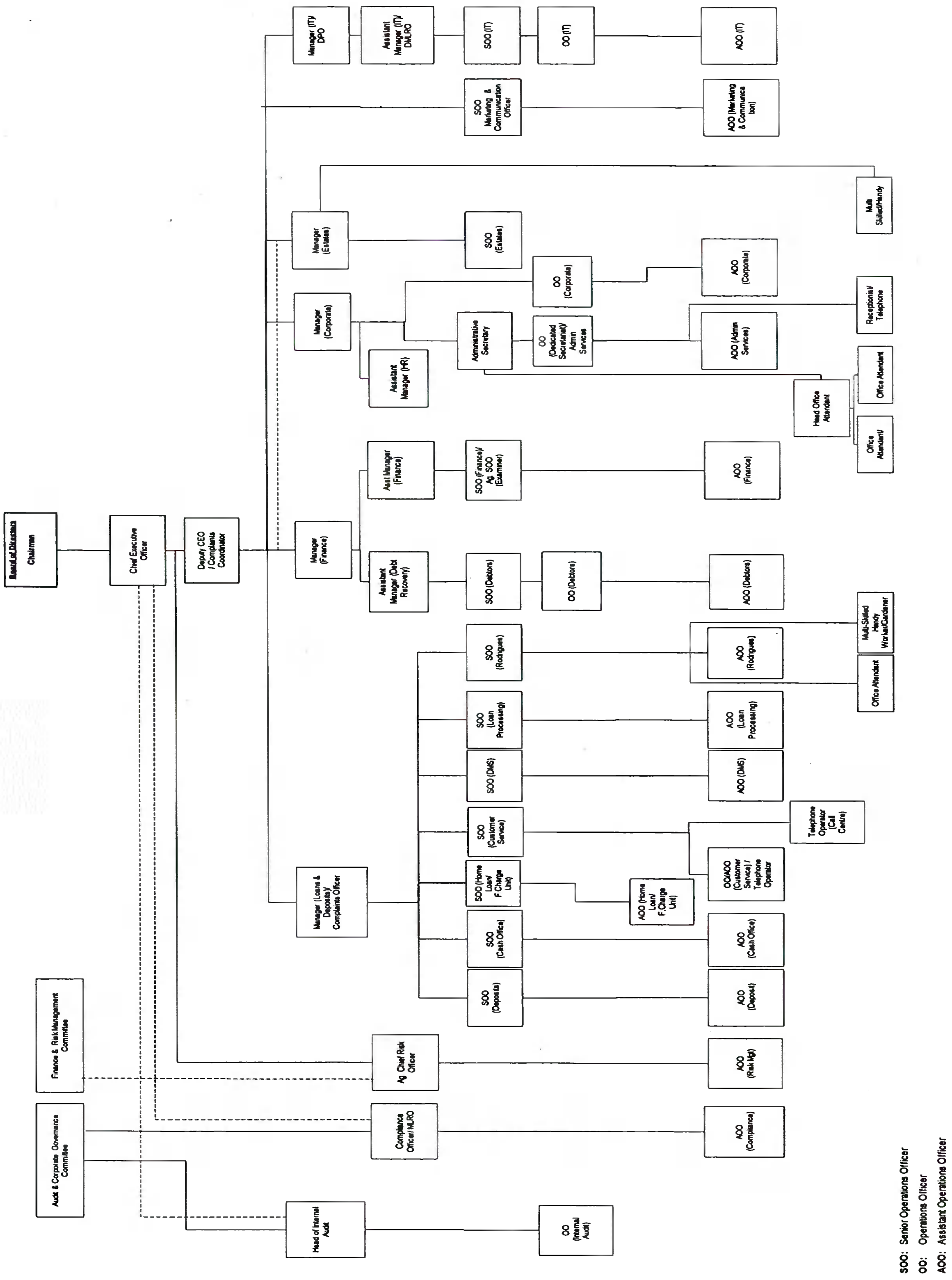
NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 1: Governance Structure (Continued)

The job description of the CEO, who is also the Company Secretary, has been approved by the Board of Directors in 2012. For other key senior governance positions, these are as per Section 143 of the Companies Act.

The Board approves the Organisational structure (in full) each year and at a lesser interval in case of significant changes in the organisation chart or including in the context of a salary review.

Organisation Structure - MCS Mutual Aid Association Ltd as at June 2023



NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 1: Governance Structure (Continued)

The Board as a whole is collectively responsible for promoting the success of the organisation by directing and supervising the Company's affairs.

The following are available on the website of the Mutual Aid:

- The Mutual Aid's constitution.
- Board of Directors' charter.
- Code of Ethics.
- Organisational Chart

Principle 2: The Structure of the Board and its Committees

The Board of Directors contains independently minded directors. It includes an appropriate combination of executive, independent and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board of Directors is of a size and level of diversity that commensurate with the sophistication and scale of the Mutual Aid. Appropriate Board committees have been set up to assist the Board of Directors in the effective performance of its duties.

BOARD OF DIRECTORS

The Board has a unitary structure comprising independent directors. The Board of Directors is "balanced", that is, there is a mix of gender and executive and independent directors. There is one executive director appointed by the Board of Directors and 8 other directors appointed by the Minister of Finance as per the Constitution of the Mutual Aid.

The Board of Directors affirms that the independent directors do not have a relationship (other than as per normal market conditions as members) with Mutual Aid and affirms that none of the directors have a relationship with the majority shareholder. The Board consists of more than two independent directors.

As per the Mauritius Civil Service Mutual Aid Association Act, the Board of directors of the Company (size and composition) is appointed by the Minister of Finance. The Board consists of 9 directors which is considered of adequate size and represents various interests. All directors are residents of Mauritius. As at June 30, 2023, there were 3 women among the directors and 3 directors were in progress for appointment following the cessation of office of 3 directors on March 31, 2023.

The Board Charter, including powers and duties of Directors are set out in the Company's Constitution. The Board formulates the strategic objectives and plans of Mutual Aid, sets corporate objectives and budgets, oversees the operations and delegates authority to Management to implement strategies, plans and policies approved by the Board.

The Board charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

DIRECTORATE AND MANAGEMENT

Board of Directors Profile

The Board comprised of nine directors during the financial year. Their profiles are provided below:

1. **Mr Premode Neerunjun** (Independent Director) was the Chairperson of the Board and Chairperson of the Mutual Aid Foundation Committee. He has a Graduate Diploma in Business (Curtin University), a BSc in Economics and Management (University of London) and an MSc in Public Policy and Administration (University of Mauritius). He ceased to be a member of the Board of the Company on March 31, 2023.

2. **Mr Mahensingh Bheekhee** (Non-executive Director) is the Chairperson of the Board since April 01, 2023 and currently acts as Chairperson of the Mutual Aid Foundation Committee. He was formerly the Chairperson of the Finance and Risk Management Committee. He is the holder of a BSc (Hons) Economics from University of Mauritius and an MSc in Financial Economics from University of London.

3. **Mr Hurry Premchand Hookoom** (Independent Director) was the Vice Chairperson of the Board and Chairperson of the Staff Committee. He is the holder of a BSc (Hons) Human Resource Management from University of Technology Mauritius. He ceased to be a member of the Board of the Company on March 31, 2023.

4. **Mr Jean Bruneau Dorasami** (Non-executive Director) was a Member of the Board. He is the holder of a Diploma in Personnel Management and Industrial Relations from the College of Professional Management, Great Britain. He is also holder of a Certificate in Sugar Analysis from Robert Antoine Sugar Industry Training Centre (MSIRI). He ceased to be a member of the Board of the Company on March 31, 2023.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

Board of Directors Profile (Continued)

5. **Mr Vishnoorow Luximon** (Independent Director) is the Vice Chairperson of the Board and acts as Chairperson of the Audit and Corporate Governance Committee. He is the holder of a BA Hons Mathematics from University of Delhi. He was appointed on June 17, 2019.

6. **Mrs Nisha Devi Manic** (Independent Director) is the Vice Chairperson of the Board. She is the holder of a BSc. (Hons) Horticulture, MSc in Environmental Management and a Commonwealth Executive Master of Business Administration. She was appointed on June 17, 2019.

7. **Miss Marie Claudine Josiane Lilette Paya** (Independent Director) is a Member of the Board and acts as Chairperson of the Investment Committee. She is the holder of a Diploma in Law & Management and BA in Legal Studies & Management. She was appointed on June 17, 2019.

8. **Miss Khatidia Rajabalee** (Independent Director) is a Member of the Board and acts as Chairperson of the Superannuation & Pension Fund Committee. She is the holder of a Teacher's Diploma in English & French, MIE and B.Ed Hons (French) from the University of Mauritius. She was appointed on June 17, 2019.

9. **Mr Nityanandsingh Dabeesingh** (Executive Director) is a Member of the Board and the Chief Executive Officer of the Mutual Aid Association. He is the holder of a Diploma in Economics & Social Studies, and a Fellow Member of the Association of Chartered Certified Accountants (FCCA). He is also a Fellow Member of the Mauritius Institute of Directors (MIOD) and a member of the Mauritius Institute of Professional Accountants (MIPA). He is also the Company Secretary of the Mutual Aid Association and joined as General Manager of the Company in October 1993.

SN.	Directors	Type of Directorship at MCS Mutual Aid	Internal Directorship at MCS Property Ltd	Type of Directorship for MCS Property
1	NEERUNJUN, Mr. Premode	Independent Director	No	
2	BHEEKHEE, Mr. Mahensingh	Non-executive Director	Yes	Non-executive Director
3	HOOKOOM, Mr. Hurry Premchand	Independent Director	No	
4	DORASAMI, Mr. Jean Bruneau	Non-executive Director	Yes	Non-executive Director
5	LUXIMON, Mr Vishnoorow	Independent Director	No	
6	MANIC, Mrs Nisha Devi	Independent Director	No	
7	PAYA, Miss Marie Claudine Josiane Lilette	Independent Director	No	
8	RAJABALEE, Miss Khatidia	Independent Director	No	
9	DABEESINGH, Mr. Nityanandsingh	Executive Director	Yes	Non-executive Director

The directors consider the requirement for external directorship in other organisations to be commercially sensitive information and regard it as not being in the interest of Mutual Aid to make such disclosure.

OTHER DIRECTORSHIP OF DIRECTORS IN LISTED COMPANIES

None of the directors listed above have directorship in listed companies.

DIRECTORS OF MCS Property Ltd

The directors of the Mutual Aid's subsidiary were as follows:

SN.	NAME OF DIRECTORS
1.	Mr Jean Bruneau DORASAMI
2.	Mr Nundlall BASANT ROI
3.	Mr Poonit RAMJUG
4.	Mr Mahensingh BHEEKHEE
5.	Mr Nityanandsingh DABEESINGH

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

ROLE OF EXECUTIVE AND NON-EXECUTIVE DIRECTORS

An Executive Director means a member of the board who is in full time employment of the financial institution whereas a Non-Executive Director means a member of the board who is not an executive director and who is not associated with the day to day activities of the Company.

A. Executive Directors

Where a director also holds office as an executive, the director shall exercise that degree of care, diligence and skill which a reasonably prudent and competent executive in that position would exercise.

B. Non-Executive Directors

Non-executive directors have the same general legal responsibilities to the organisation as any other director.

In addition, the role of the non-executive director includes the following key elements:

Strategy: Non-executive directors should constructively challenge and contribute to the development of strategy;

Performance: Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

Risk: Non-executive directors should satisfy themselves that financial information is accurate, and that financial controls and systems of risk management are robust and defensible; and

People: Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and, where necessary, removing senior management and in succession planning.

MANAGEMENT PROFILE

1. **Mr Nityanandsingh DABEESINGH** is the Chief Executive Officer of the Mutual Aid Association. He is the holder of a Diploma in Economics & Social Studies and a Fellow Member of the Association of Chartered Certified Accountants (FCCA). He is also a Fellow Member of the Mauritius Institute of Directors (MIOD) and a member of the Mauritius Institute of Professional Accountants (MIPA). He is also the Company Secretary of the Mutual Aid Association and joined as General Manager of the Company in October 1993.

2. **Mr Lutchmansing RAMJATTON** is the Deputy Chief Executive Officer of Mutual Aid. He is the holder of a degree in Accounting (BSc (Hons)), is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and has a Master's Degree in Finance. He is also a member of the Mauritius Institute of Professional Accountants (MIPA). He joined Mutual Aid in June 2008 after several years as Financial Controller at the National Transport Corporation.

3. **Mr Rajendranath BHAROSAY** is the Manager (IT) of Mutual Aid. He holds a degree from the British Computer Society and is the holder of the ITIL Foundation Certificate and possesses an MBA from the AMITY Institute of Higher Education. He is a member of the Information Systems Audit and Control Association (ISACA) and has successfully completed the CISA (Certified Information System Auditor) exam. He also holds a Honours Diploma in Network-Centered Diploma from NIIT and a Diploma from the Institute for the Management of Information Systems (IMIS). He joined the Company in April 2008.

4. **Mr. Rajnish RAMCHURUN** is the Head of Internal Audit of Mutual Aid as from October 2020. He holds a Master's in Business Administration (MBA), is a member of the Institute of Internal Auditors (Mauritius), is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and is also a member of the Mauritius Institute of Professional Accountants (MIPA). He also possesses a Degree in Management. He joined the Association in January 2012 and he has over fifteen years of auditing and compliance experience, mainly in the Banking sector. He has been the Manager (Compliance) of Mutual Aid from January 2012 to September 2020.

5. **Mr Gujsensing CHUNDUNSING** is the Manager (Loans and Deposits) of Mutual Aid. He is a qualified management accountant from the Chartered Institute of Management Accountants (CIMA) and possesses an MBA from the AMITY Institute of Higher Education. He joined the Company in January 2012 after several years as Manager (Finance, Commercial, Office and Administrative) in the Textile, Manufacturing and Global Business sectors.

6. **Mr Varma ORGOO** is the Manager (Finance) of Mutual Aid and the Company Secretary of the MCS Property Ltd. He holds a degree in Accounting and Finance and has an MBA from Heriot-Watt University, Edinburgh Business School, Scotland. He is also a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and Member of the Mauritius Institute of Professional Accountants (MIPA). He started his career in the offshore sector prior to joining the banking sector. After several years in the Accounting and Treasury Department in the Banking sector, he joined Mutual Aid in August 2005.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

7. **Mrs Pooranjanee Luxmee FOKEERCHAND** is the Manager (Corporate) of Mutual Aid. She holds a Master's in Business Administration (MBA) in Knowledge Management and HR and is also holder of a degree in Human Resource Management (BSc (Hons) from the University of Mauritius. She joined the Company as Assistant Manager (HR) in September 2016. Prior to joining the Mutual Aid Association, she reckoned experience mainly in Human Resource Management in a holding company.

8. **Mr Jeevan BOODHOO** is the Manager (Estates) of Mutual Aid. He holds a diploma in Development Studies from the University of Mauritius and a degree in Human Resource Management from the University of Technology, Mauritius. He joined the Association in 1981 and reckons more than 15 years of experience in Asset Management.

ROLE OF CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

In line with the requirement of the National Code of Corporate Governance of Mauritius and the Bank of Mauritius Guidelines, the roles of the Chairperson and the Chief Executive Officer are separate. The Board is currently led by the Chairperson, Mr. Mahensingh Bheekhee and the executive management of the Mutual Aid is the responsibility of the Chief Executive Officer, Mr. Nityanandsingh Dabeesingh.

ROLE OF CHAIRPERSON

The chairperson is responsible for:

- Directing and chairing board meetings
- Facilitating the effective contribution and encouraging active engagement by all members of the board.
- Ensuring that new directors participate in a full, formal and tailored induction programme, facilitated by the company secretary.
- Ensuring effective communication with shareholders.
- Arranging for the chairmen of board committees to be available to answer questions at the Annual Meeting and for the directors to attend.

In addition, the chairperson should:

i. Set the ethical tone for the board and the company and uphold the highest standards of integrity and probity.
ii. Set the agenda, style and tone of board discussions to promote effective decision making and constructive debate.
iii. Ensure that the directors are fully informed about all issues on which the board will have to make a decision, through briefings with the chief executive, the company secretary, and members of the executive management as appropriate.
iv. Ensure clear structure for, and the effective running of board committees.
v. Ensure effective implementation of board decisions.
vi. Promote effective relationships and open communication between executive and non- executive directors both inside and outside the boardroom, ensuring an appropriate balance of skills and personalities.
vii. Building and maintaining stakeholders trust and confidence in the company and in conjunction with the CEO, representing the company to key stakeholders.
viii. With the assistance of the company secretary, promote the highest standards of corporate governance. If full compliance is not possible, ensure that the reasons for non-compliance are fully understood, agreed by the board and explained to shareholders.
ix. Ensure an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the community).
x. Ensure the long-term sustainability of the business.
xi. Ensure the continual improvement in quality and calibre of the executives.
xii. Establish a close relationship of trust with the CEO and managers, providing support and advice while respecting executive responsibility.
xiii. Ensuring effective communication with shareholders and other stakeholders.

ROLE OF CHIEF EXECUTIVE OFFICER

Consistent with the direction given by the board, the Chief Executive Officer (CEO) implements business strategies, risk management systems, risk culture, processes and controls for managing the risks to which the financial institution is exposed and concerning which he is responsible for complying with laws, regulations and internal policies. This includes comprehensive and independent risk management, compliance and audit functions as well as an effective overall system of internal controls.

The CEO recognises and respects the independent duties of the risk management, compliance and internal audit functions and does not interfere in the exercise of such duties.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

ROLE OF CHIEF EXECUTIVE OFFICER (CONTINUED)

The CEO provides adequate oversight of those he manages and ensures that the financial institution's activities are consistent with the business strategy, risk appetite and the policies approved by the board.

The CEO is responsible for delegating duties to staff. He should establish a management structure that promotes accountability and transparency throughout the financial institution.

The CEO provides the board with the information it needs to carry out its responsibilities. In this regard, the CEO should keep the board regularly and adequately informed of material matters, including: changes in business strategy, risk strategy/risk appetite; the financial institution's performance and financial condition; breaches of risk limits or compliance rules; internal control failures; legal or regulatory concerns; and issues raised as a result of the financial institution's whistleblowing procedures.

The CEO is directly responsible for the day to day operations of the financial institution and is conversant with the state of internal control, the prevailing legislation as well as current issues impinging the financial sector.

ROLE AND FUNCTION OF THE COMPANY SECRETARY

Mr Nityanandsingh Dabeesingh is the Company Secretary of Mutual Aid. The role and functions of the Company Secretary are as follows:

(a) providing the Board with guidance as to its duties, responsibilities and powers:
(b) informing the Board of all legislation relevant to or affecting meetings of shareholders and directors and reporting at any meetings and the filing of any documents required of the company and any failure to comply with such legislation;
(c) ensuring that minutes of all meetings of shareholders or directors are properly recorded, and all statutory registers are properly maintained;
(d) certifying in the annual financial statements of the company that the company has filed with the Corporate Department all such returns as are required of the company;
(e) ensuring that a copy of the company's annual financial statements and, where applicable, the annual report is available to every person entitled to such statements.

BOARD COMMITTEES

The Board Committee structure is designed to assist the Board in the discharge of its duties and responsibilities. Each committee has its own charter which has been approved by the Board. Through the deliberations and reporting of its various committees, the Board ensures that Management's daily actions are in line with the Board's objectives and regulatory requirements. The current Board Committees are as follows:

- Audit and Corporate Governance Committee.
- Finance and Risk Management Committee.
- Staff Committee.
- Mutual Aid Foundation Committee
- Marketing Committee
- Investment Committee.

Audit and Corporate Governance Committee

This committee has been set up to assist the Board in fulfilling part of its duties and responsibilities, providing a link between the Board, internal audit and external auditors. It has also been established to determine and develop Mutual Aid's general policy on Corporate Governance in accordance with the applicable Code of Corporate Governance.

(a) Terms of Reference

The Committee shall focus on and make recommendations to the Board on matters pertaining to:
- the functioning of the internal control system;
- the functioning of the Compliance Department;
- the risk areas of the Company's operations to be covered in the scope of the internal and external audits;
- the reliability and accuracy of the financial information provided by Management to the Board and other users of financial information;
- whether the Company should continue to use the services of the current external and internal auditors;
- any accounting or auditing concerns identified as a result of the internal or external audits;
- the Company's compliance with legal and regulatory requirements with regard to financial matters;
- the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- the nature and extent of non-audit services provided by the external auditors, where applicable;
- the financial information to be published by the Board.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

Audit and Corporate Governance Committee (Continued)

The Committee meets each quarter and fulfills its responsibilities for the year in compliance with its terms of reference. The Chairperson of the Committee informs the Board of the Mutual Aid on any matter which it should be made aware of.

The members of the Audit and Corporate Governance Committee are:

From 01.07.2022 to 30.06.2023

- Luximon, Mr Vishnoorow (Independent Director) – Chairperson
- Paya, Miss Marie Claudine Josiane Lilette (Independent Director) - Member
- Manic, Mrs Nisha Devi (Independent Director) – Member
- Dabeesingh, Mr Nityanandsingh, CEO (In attendance)
- Ramjatton, Mr Lutchmansing, DCEO (In Attendance)
- Ramasawmy, Mr Narasimha – Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board

Finance and Risk Management Committee

The Finance and Risk Management Committee monitors the treasury management of Mutual Aid and looks after finance and risks matters.

(a) Terms of Reference

The Committee shall focus and make recommendations to the Board mainly on matters pertaining to:

- liquidity position;
- finance and risk management matters;
- Performance and Financial Statements;
- Funding requirements;
- Strategies relating to products and investment;
- Rates of interest;
- Procurement as per Section 16 of the Financial Management and Procurement Handbook;
- Valuation of Funds.

The members of the Finance and Risk Management Committee are:

From 01.07.2022 to 31.03.2023

- Bheekhee, Mr Mahensingh (Non-executive Director) - Chairperson
- Dorasami, Mr Jean Bruneau (Non-executive Director) – Member
- Rajabalee, Miss Khatidia (Independent Director) - Member
- Dabeesingh, Mr Nityanandsingh (Executive Director) – Member
- RAMJATTON, Mr Lutchmansing, DCEO - In Attendance
- Orgoo, Mr Varma – Secretary

From 01.04.2023 to 30.06.2023

- Bheekhee, Mr Mahensingh (Non-executive Director) - Chairperson
- Rajabalee, Miss Khatidia (Independent Director) - Member
- Dabeesingh, Mr Nityanandsingh (Executive Director) – Member
- RAMJATTON, Mr Lutchmansing, DCEO - In Attendance
- Orgoo, Mr Varma – Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

BOARD COMMITTEES (CONTINUED)

Staff Committee

The Staff Committee is responsible to look after appointment, welfare and conditions of service of staff members.

(a) Terms of Reference

(i) The Committee shall focus on and make recommendations to the Board mainly on matters pertaining to:
- recruitment
- appointment
- remuneration
- conditions of service
- discipline
- industrial Relations
- staff welfare
- training and productivity

(ii) Where necessary, the Committee shall, with the concurrence of the Board, have recourse to the services of consultants/experts. The Committee shall, together with the Chief Executive Officer, ensure:
- the promotion of sound industrial relations;
- a staff development programme and a clear succession plan;
- that the procedures laid down regarding recruitment, appointment and discipline as approved by the Board are complied with
- that the statutory provision relating to Health and Safety are observed.

The members of the Staff Committee are:

From 01.07.2022 to 31.03.2023
- Hookoom, Mr Hurry Premchand (Independent Director) - Chairperson
- Manic, Mrs Nisha Devi (Independent Director) - Member
- Dorasami, Mr Jean Bruneau (Non-executive Director) - Member
- Dabeesingh, Mr Nityanandsingh, CEO (In attendance)
- Fokeerchand, Mrs. Pooranjanee Luxmee - Secretary

From 01.04.2023 to 30.06.2023
- Manic, Mrs Nisha Devi (Independent Director) - Member
- Rajabalee, Miss Khatidia (Independent Director) - Member (In attendance)
- Dabeesingh, Mr Nityanandsingh, CEO (In attendance)
- Fokeerchand, Mrs. Pooranjanee Luxmee - Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

Following cessation of directorship of the chairperson in March 2023, the company is in the process of appointing another Chairperson for the Staff Committee.

Mutual Aid Foundation Committee

The above Committee is responsible to look after Corporate Social Responsibility of Mutual Aid.

The members of the Mutual Aid Foundation Committee are

Director and Management Level

From 01.07.2022 to 31.03.2023
- Neerunjun, Mr Premode (Independent Director) – President
- Bheekhee, Mr Mahensingh (Non-executive Director) – Vice-President
- Luximon, Mr Vishnoorow (Independent Director) – Member
- Dabeesingh, Mr Nityanandsingh, CEO (Member)
- Ramjatton, Mr Lutchmansing – Secretary/Treasurer

Staff Level

- Batoosam, Mrs. Ronisha – Assistant Secretary/ Treasurer

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

BOARD COMMITTEES (CONTINUED)

- Muttur, Mrs. Gomatee – Member
- Rawoo, Miss Ayesha – Member

From 01.04.2023 to 30.06.2023
- Bheekhee, Mr Mahensingh (Non-executive Director) – Ag. President
- Luximon, Mr Vishnoorow (Independent Director) – Member
- Dabeesingh, Mr Nityanandsingh, CEO (Member)
- Ramjatton, Mr Lutchmansing – Secretary/Treasurer

Staff Level

- Batoosam, Mrs. Ronisha – Assistant Secretary/ Treasurer
- Muttur, Mrs. Gomatee – Member
- Rawoo, Miss Ayesha – Member

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

Marketing Committee

This Committee is responsible to look at the marketing activities of Mutual Aid.

(a) Terms of Reference

(i) The Marketing Committee shall focus and make recommendations to the Board on matters pertaining to:

- Proposal and approval of annual Marketing Plan;
- Developing marketing tools and strategies that will contribute to raising the brand and awareness of the Company;
- Developing strategies for Mutual Aid products and customer delight;
- Improving customer service (through surveys, layout, going towards members);
- Undertaking marketing actions and organising events to build corporate image and brand;
- Attracting new members to the Company (through data mining, presentation etc.);
- Strengthening market presence in the Company's target segments;
- Managing content for marketing and communication materials (including information sheets/application forms), website and other interfaces/ channels through which MCSMAA connects to its customers and stakeholders;
- Carrying out market intelligence on competitors through their websites, products and services; and
- Implementing guidelines/ instructions from Bank of Mauritius (BOM) and other authorities, including seeking BOM approval before advertising.

The members of the Marketing Committee are:

From 01.07.2022 to 31.03.2023
- Dorasami, Mr Jean Bruneau (Non-executive Director) - Chairperson
- Luximon, Mr Vishnoorow (Independent Director) – Member
- Paya, Miss Marie Claudine Josiane Lilette (Independent Director) - Member
- Dabeesingh, Mr Nityanandsingh, CEO (Member)
- Chundunsing, Mr Gujsensing, Manager (Loans & Deposits) (In attendance)
- Bharosay, Mr Rajendranath Manager (IT) (In attendance)
- Ramjatton, Mr Lutchmansing – Secretary

From 01.04.2023 to 30.06.2023
- Luximon, Mr Vishnoorow (Independent Director) – Member
- Paya, Miss Marie Claudine Josiane Lilette (Independent Director) - Member
- Dabeesingh, Mr Nityanandsingh, CEO (Member)
- Chundunsing, Mr Gujsensing, Manager (Loans & Deposits) (In attendance)
- Bharosay, Mr Rajendranath Manager (IT) (In attendance)
- Ramjatton, Mr Lutchmansing – Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

Following cessation of directorship of the chairperson in March 2023, the company is in the process of appointing another Chairperson for the Marketing Committee.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

BOARD COMMITTEES (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

Investment Committee

The Committee is responsible to:
- develop investment strategies to meet objectives approved by the Board;
- review the statements of account and investment returns;
- review and monitor accounting and investment policies;
- provide financial and investment recommendations; and
- assess and recommend to the Board the appointment and termination of investment managers and monitor their performance.

The members of the Investment Committee are:

From 01.07.2022 to 31.03.2023
- Paya, Miss Marie Claudine Josiane Lilette (Independent Director) - Chairperson
- Bheekhee, Mr Mahensingh (Non-executive Director) - Member
- Hookoom, Mr Hurry Premchand (Independent Director) - Member
- Dabeesingh, Mr Nityanandsingh (Executive Director) - Member
- Ramjatton, Mr Lutchmansing, DCEO - In Attendance
- Orgoo, Mr Varma – Secretary

From 01.04.2023 to 30.06.2023
- Paya, Miss Marie Claudine Josiane Lilette (Independent Director) - Chairperson
- Bheekhee, Mr Mahensingh (Non-executive Director) - Member
- Dabeesingh, Mr Nityanandsingh (Executive Director) - Member
  Ramjatton, Mr Lutchmansing, DCEO - In Attendance
- Orgoo, Mr Varma - Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

BOARD ATTENDANCE

SN.	Directors	Board meeting	Staff Committee	Finance and Risk Management Committee	Audit & Corporate Governance Committee	Mutual Aid Foundation Committee	Investment Committee	Marketing Committee
1	Neerunjun, Mr Premode *1	8/8	N/A	N/A	N/A	5/8	N/A	N/A
2	Bheekhee, Mr Mahensingh	12/12	N/A	11/11	N/A	11/13	2/2	N/A
3	Hookoom, Mr Hurry Premchand *2	7/8	7/8	N/A	N/A	N/A	1/1	N/A
4	Dorasami, Mr Jean Bruneau *3	8/8	7/8	8/8	N/A	N/A	N/A	9/9
5	Dabeesingh, Mr Nityanandsingh	12/12	11/11	11/11	N/A	12/13	2/2	10/11
6	Luximon, Mr Vishnoorow	11/12	N/A	N/A	6/6	13/13	N/A	10/11
7	Manic, Mrs Nisha Devi	12/12	8/11	N/A	3/6	N/A	N/A	N/A
8	Paya, Miss Marie Claudine Josiane Lilette	12/12	N/A	N/A	6/6	N/A	1/2	10/11
9	Rajabalee, Miss Khatidia	12/12	3/3	9/11	N/A	N/A	N/A	N/A

*1 Neerunjun, Premode ceased to be a member of the Board of the holding company on 31/03/2023.

*2 Hookoom, Hurry Premchand ceased to be a member of the Board of the holding company on 31/03/2023.

*3 Dorasami, Jean Bruneau ceased to be a member of the Board of the holding company on 31/03/2023.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued

TRANSPARENCY AND DISCLOSURES FROM BOARD COMMITTEES TO THE BOARD OF DIRECTORS

All papers tabled to the committees and discussions recorded in minutes of meeting of **all** Board committees are sent to the Board of Directors for analysis and discussion.

INDEPENDENCE OF BOARD COMMITTEES

All Board committees are chaired by independent or non-executive directors, where all issues are independently analyzed, reviewed and discussed.

MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

The Board and the sub-committees of the Board meet regularly in compliance with the guidelines and the ground rules approved by the Board.

The details of attendances of Board instances by each Director are as above.

Principle 3: Director Appointment Procedures

As per the Mauritius Civil Service Mutual Aid Association Act, the directors of the Company are appointed by the Minister of Finance. There is a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates is conducted, and appointments made, on merit, against objective criteria (including skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board of Directors, including gender). The Board of Directors ensures that a formal, rigorous and transparent procedure is in place for planning the succession of all key officeholders.

With regards to succession planning, the Board assumes its responsibilities for it and affirms that a succession plan has been developed. Whilst for the appointment of directors, it is the prerogative of the Minister of Finance to appoint the Board of Directors every 3 years as per the Constitution of the Company.

The Board confirms that there were no new directors for the period July 01, 2022 to June 30, 2023.

Refer to biography of directors on Pg. 4(c) – Pg. 4(d).

TRAINING OF STAFF

The Mutual Aid follows a policy of ensuring that it has skilled, knowledgeable and competent staffs to meet both its present and future needs. To that effect, in the context of a human resource development strategy, it promotes a continuous learning environment and the staffs are being sponsored to attend both local and international training events in order to enhance their skills and knowledge.

TRAINING OF DIRECTORS

For the orientation program, these are done for new directors. The refresher programs are done regularly whereby management tables to the Board, through the Finance and Risk Management Committee, various risk management concepts, financial and liquidity ratios and other technical concepts for the benefits of Board members. Also, members of the Board are informed of updates in banking laws through the Audit and Corporate Governance Committee. During board meetings, the directors are apprised of market trends, products and risks.

The Board of Directors has reviewed the professional development and ongoing education of directors. At the Board level itself, the directors are briefed on new regulations and on the market and competitor environment. This is also done at strategic meetings.

Principle 4: Director Duties, Remuneration and Performance

The directors are aware of their legal duties. They observe and foster high ethical standards and a strong ethical culture in the Company. Each director allocates sufficient time to discharge his or her duties effectively. Conflicts of interest is disclosed and managed. The Board of Directors is responsible for the governance of Mutual Aid's Information Strategy, Information Technology and Information Security. The Board of Directors, committees and individual directors are supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board of Directors, committees and individual directors have their performance evaluated and are held accountable to appropriate stakeholders. The Board of Directors is transparent, fair and consistent in determining the remuneration policy for senior executives.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 4: Director Duties, Remuneration and Performance

The Directors are aware of their legal duties. The Board of Directors regularly monitors and evaluates compliance with its code of ethics which is regularly reviewed.

The Board of Directors affirms that all conflicts-of-interest (if any) and related-party transactions have been conducted in accordance with the Conflicts-of-interest Policy, related-party transactions policy and the Code of Ethics.

DIRECTORS' AND SENIOR OFFICERS' INTERESTS AND DEALING

The direct interest of directors of Mutual Aid in the equity capital of the Mutual Aid as at June 30, 2023 is given below:

SN.	NAME	NO. OF ORDINARY SHARES
1	Bheekhee, Mr Mahensingh	24
2	Manic, Mrs Nisha Devi	24
3	Luximon, Mr Vishnoorow	64
4	Paya, Mrs Marie Claudine Josiane Lilette	24
5	Rajabalee, Miss Khatidia	24
6	Dabeesingh, Mr Nityanandsingh	NIL

The directors do not have significant shareholding in Mutual Aid. Furthermore, they already had shares prior to being nominated by the Minister of Finance.

No shares were bought and sold for year ended June 30, 2023. Senior officers did not hold any share in the equity capital of the Mutual Aid during the period under review.

The Board of Directors affirms that all conflicts-of-interest (if any) and related-party transactions have been conducted in accordance with the Policy on Related Party Transactions and Conflicts of Interest and the Code of Ethics.

INFORMATION TECHNOLOGY AND IT SECURITY

The Board of Directors affirms that an Information Policy, an Information Technology Policy and an Information Security Policy exist.

The IT Policy has been approved by the Board of Directors in April 2015 and October 2022 (latest update) and it contains confidential information for internal use only.

The Board oversees information governance through the information that are submitted in the various Board sub-committees and through the monthly CEO's report to the Board of Directors.

The right of access to information is in accordance with Companies Act 2001, Section 206 as follows:

(1) The Board of a company shall ensure that an auditor of the company has access at all times to the accounting records and other documents of the company.

(2) An auditor of a company is entitled to receive from a Director or employee of the company such information and explanations as he thinks necessary for the performance of his duties as auditor.

(3) Where the Board of a company fails to comply with subsection (1), every director shall commit an offence and shall, on conviction, be liable to a fine not exceeding 200,000 rupees.

(4) A Director or employee who fails to comply with subsection (2) shall commit an offence and shall, on conviction, be liable to a fine not exceeding 200,000 rupees.

(5) It shall be a defence to an employee charged with an offence under subsection (4) where the employee proves that:
  (a) he did not have the information required in his possession or under his control; or
  (b) by reason of the position occupied by him or the duties assigned to him, he was unable to give the explanations required as the case may be.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 4: Director Duties, Remuneration and Performance (Continued)

INFORMATION TECHNOLOGY AND IT SECURITY (CONTINUED)

Authority for Procurement

Depending on the size of the expenditure, the prior sanction of the Chief Executive Officer or the Chairperson of the Finance and Risk Management Committee is required as follows for initiating any procurement exercise:

Value of Procurement	Approval Mode
Up to Rs 200,000	By the CEO without covering approval of the Finance Committee subject to all procedures being followed.
More than Rs200,000 and up to Rs500,000	By the CEO with covering approval of the Finance Committee.
Rs500,000 and above	With prior approval of the Board

Procurement Methods

The procurement method adopted may vary according to the nature of the procurement, the size of the expenditure, the requirement, the circumstances, and the market. For example, there may be no need for complicated, expensive procurement processes when purchasing low risk, low value products or services. A procurement method of some complexity may be appropriate where risks are greater and/or the requirement is of high value or strategic importance.

Taking into account the above, any of the following methods (among others) considered most suitable for a specific procurement exercise may be adopted: (i) Direct purchase; (ii) Request for Quotation (Shopping Method); (iii) Limited Tender; (iv) Open Tender; or (v) Direct Contracting.

Request for Quotation (Shopping Method)

Shopping consists of comparing quotations from not less than three suppliers and subject to ready availability. This method is suitable for readily available off-the-shelf goods and commodities, and where smaller value items are needed or urgently needed for follow-up order on repetitive procurement. This method may also be used for procurement of works and services (e.g. works for maintenance/repairs, catering services etc.). The value of procurement under this method shall not exceed Rs100,000 or Rs25, 000/commodity.

Limited Tender

Under this method, a limited number of suppliers are, after pre-selection or prequalification, invited to submit offers. This method is suitable for standard items or where, in view of the structure in technology market environment, only a limited number of suppliers are capable to participate.

The limited solicitation is also suitable where due to certain technical characteristics open solicitation is not amenable or where the market structure justifies the use of limited competitive proceedings.

Direct Contracting

Direct Contracting means a contract directly awarded to a supplier without formal solicitation. At the Mutual Aid, Direct Contracting is used mainly for renewal of specialized services, for e.g. Annual Technical Support and Maintenance.

Direct Contracting may be resorted: (i) to meet a situation of emergency; (ii) to effect maintenance where goods and supplies are readily available from a single source; (iii) where goods are obtainable only from one source; (iv) where there is a permissible extension of contract; and (v) where a tender exercise is not considered practical e.g. procurement of an art work, or services of an artist; and (vi) for items directly related to security, requiring utmost discretion and strict confidentiality.

Procurement Committees

The Committees involved in procurement shall be as follows (i) Committee for Opening of Tenders / Quotations; (ii) Committee for Technical Evaluation; and (iii) Committee for Financial Evaluation.

The powers and functions of the Procurement Committees shall be as follows: (i) to approve solicitation documents; (ii) to prequalify/preselect suppliers; (iii) to invite, examine and evaluate offers; (iv) to appoint evaluators, where necessary; and (v) to recommend the award of contracts as the case may be.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 4: Director Duties, Remuneration and Performance (Continued)

INFORMATION TECHNOLOGY AND IT SECURITY (CONTINUED)

Committee for Opening of Tenders / Quotations
Chairperson: Manager (Loans and Deposits)
Member: Manager (Estates)
Member: Administrative Secretary

Committee for Technical Evaluation
Chairperson: Manager (IT)
Member: Manager (Corporate)
Member: Senior Operations Officer (Estates)

The Technical Evaluation Committee shall make a technical evaluation of proposals received by reference to compliance with specifications as follows:

1) Scope of Works - Whether the proposal address each requirement and goal set forth in the scope of works;
   - Ability to demonstrate a firm understanding of the requirements and goals set forth in the scope of works
   - Whether the proposal provide technical solutions to indicated requirements and goals to be met on schedule

2) General Experience of Bidder: - Successful project experience of similar nature and complexity

3) Personnel Capabilities - Furnish a resume for proposed key personnel (supervisory and technical)

4) Equipment Capabilities - Type, characteristics, minimum number and availability of key equipment

Committee for Financial Evaluation
Chairperson: The Deputy Chief Executive Officer
Member: Manager (Finance)
Member: Examiner

Other Officers, depending on the nature of the procurement, may be co-opted to form part and assist the above Committees, whenever required.
(i) If required, resource persons from relevant fields may be called upon to form part of the Committees;
(ii) Each paper qualified to be tabled to the Committee shall consist of a report of the Technical Evaluation Committee with mandatory disclosure as to whether a bid is "responsive";
(iii) The pass mark and terms of marking should be well reference.

STATEMENT OF REMUNERATION AND COMPENSATION POLICY

The remuneration of Directors of the Company is determined by the Minister of Finance. The policy is governed by Section 159 of the Companies Act 2001 and is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

When the Minister of Finance appoints the directors under the Mauritius Civil Service Mutual Aid Association Ltd Act, the terms and conditions of remuneration are also specified. For executive director, the remuneration is reviewed and approved by the Board of Directors.

The authority to determine the remuneration of Directors is delegated to the Minister of Finance while that of Senior Executives is delegated to the Board. Executive remuneration packages are prudently designed to attract, motivate and retain executive management and senior management of high calibre needed to maintain Mutual Aid's position in the market. They are also designed to reward them for enhancing Mutual Aid's performance.

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES AND KEY EMPLOYEES

Aggregate Remuneration / Fees (Annual)	2021– Rs.	2022– Rs.	2023– Rs.
Non-executive directors	3,996,000	3,996,000	4,153,900
Senior Executives and Key Employees	23,451,087	33,318,487	32,814,078

The directors consider the requirement for individual disclosure of director's remuneration to be commercially sensitive information and regard it as not being in the interest of Mutual Aid to make such disclosure.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 4: Director Duties, Remuneration and Performance (Continued)

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES AND KEY EMPLOYEES (CONTINUED)

The remuneration of Directors which is fixed by the Minister of Finance includes a fixed and variable proportion and there are no long-term incentive plans.

The payment of a bonus based on the profitability and performance of the Company shall be at the discretion of the Board. Such payment will be effected after the end of each financial year after the approval of the Company's accounts at the Annual Meeting and the quantum will be determined by the Board.

The distribution of bonus will be based on the performance of employees and their department, or in such manner as determined by the Company's Performance Management System (PMS) procedure.

The linkages of the PMS Assessment results to the payout of the productivity bonus are as follows:

(i) For financial year 2017/2018 – 100% linkage
(ii) For financial year 2018/2019 onwards – The bonus is determined by the Board at due time.

CONFLICTS OF INTEREST

In terms of the constitution of the Company, the Directors are required to disclose their interest in any matter placed before the Board for a decision.

The company secretary maintains an interest register. The interest register is available for consultation to shareholders upon written request to the company secretary.

SHARE OPTION PLANS

There were no share option plans during the year under review.

BOARD SELECTION PROCESS

As per the Mauritius Civil Service Mutual Aid Association Act, the directors of the Company are appointed by the Minister of Finance.

BOARD AND BOARD SUB-COMMITTEES APPRAISAL

It is well known that effective Board evaluations produce value and improves Board performance. It is to be noted that no independent board evaluator was employed; to that effect, an annual self-evaluation of the Board of Directors through survey questionnaire is made every year after the audited Financial Statements have been released. The evaluation has been carried out in December 2022.

DIRECTORS' SERVICE CONTRACT

The Directors have no service contract with Mutual Aid.

Principle 5: Risk Governance and Internal Control

The Board of Directors is responsible for risk governance and ensures that Mutual Aid develops and executes a comprehensive and robust system of risk management. The Board ensures the maintenance of a sound internal control system.

The Board of Directors is responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

Risk Management forms an integral part of Mutual Aid's business strategy and business planning processes. The Company's process for identifying and managing risks is set by the Board of Directors and delegated to the Finance and Risk Management Committee. The oversight of the Association's risk management process has been delegated to the Finance and Risk Management Committee, whose Chairperson regularly reports to the Board to provide the latter with the necessary assurance that risks are effectively managed.

Risk Management refers to the process of identification, assessing, managing, monitoring and reporting the various risks the Association is exposed to.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 5: Risk Governance and Internal Control (Continued)

Mutual Aid has a dedicated risk management function. The Risk Management Team provides day-to-day oversight on management of risks. The Risk Management Team maintains its objectivity by being independent of operations. It reports and provides recommendations on significant issues related to risk management processes within the Company to the Finance and Risk Management Committee on a quarterly basis.

The Company adopts three lines of defence model to articulate accountabilities and responsibilities for managing both its key financial (e.g., credit, liquidity, market, interest rate) and non-financial risks (e.g., operational, strategic, reputational, compliance, money laundering and IT risk).

The risks are managed on an ongoing basis and the Company has adopted a prudential approach as regards to liquidity requirement and provisioning.

Liquidity ratios and cash flow forecast are tabled to the Finance and Risk Management Committee on a monthly basis. As regards to credit risk, the number of default and all new cases of arrears are also tabled to the Finance and Risk Management Committee on a monthly basis. The Finance and Risk Management Committee thereafter reports the matter to the Board of Directors.

The board of directors derive assurance that the risk management processes are in place and are effective by reviewing on a monthly basis the reports of the Finance and Risk Management Committee. The risk management mechanisms include development of strategies in respect of risks identified, the communication of policies to all levels of the organisation as appropriate, and processes that reduce or mitigate identified risks. Regular reports are submitted in the Finance and Risk Management Committee on risk issues such as stress test, capital adequacy, concentration of depositors, information on liquidity gaps and appropriate decisions are taken and reported to the Board of Directors.

The risks that threaten the **business model,** the **future performance,** the **solvency and liquidity** of Mutual Aid are **credit risk and liquidity risk**.

The Board of Directors affirms that the Board has monitored and evaluated Mutual Aid's **strategic** risk, **financial** risk, **operational** risk and **compliance** risk.

Strategic risk is evaluated and monitored on a yearly basis in a **Strategic meeting in which members of the Board of Directors and Senior Management participates.**

The Board of Directors provides assurance that by direction of the Board, management has developed and implemented appropriate frameworks and effective processes for the sound management of risk. The credit and liquidity risks are monitored by the Finance and Risk Management Committee. The Company has also implemented a Liquidity Risk Management Framework.

The Risk Management Report section of this Annual Report provides additional information on the Risk Management Framework and risks that the Association is exposed to and the way in which each is managed.

INTERNAL CONTROL

The Board is ultimately responsible for Mutual Aid's system of internal control and for reviewing its effectiveness. The systems and processes in place for implementing, maintaining and monitoring the internal controls is by setting up appropriate policies, procedures and processes in all departments. The Company operates in a highly regulated environment. The internal audit function has been set up in-house and is operational as from October 2020. It reports to the Audit and Corporate Governance Committee on the Company's operational controls and makes its recommendations accordingly. The Board has set up a framework for an effective internal audit function. In that respect, internal audit function adopts a risk-based approach and has been assigned principally with the following duties and responsibilities, inter-alia:

- Review of internal controls in risky areas.
- Examination of operational processes.
- Review of the implementation of policies and procedures on Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation.
- Special investigations, as requested by management.

The process by which the Board of Directors derives assurance that the internal control systems are effective is that all significant risk areas are covered and that the internal audit plan is reviewed annually by the Audit and Corporate Governance Committee.

The internal Audit plan covers the areas of risks that may arise in the business activities of the Company. After each audit, reports are submitted to Management for comments and thereafter submitted to Audit and Corporate Governance Committee members. These reports are thereafter submitted to the Board of Directors. Further, the Mutual Aid has a Compliance Department which is tasked with ensuring that the activities carried out by the Company are in conformity with the internal policies and procedures and external laws, regulations, and guidelines governing non-bank deposit taking institutions.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 5: Risk Governance and Internal Control (Continued)

INTERNAL CONTROL (CONTINUED)

There are no restrictions placed over right of access to records of management and employees. The significant risk areas are covered by the internal audit function and the internal audit plan is reviewed annually by the Audit and Corporate Governance Committee.

There were no significant areas not covered by the Internal Control during the financial year ended June 30, 2023.

The Board of Directors acknowledges that there are no deficiencies and significant risks in the organisation's system of Internal Control.

The Company has a whistle-blowing policy whereby the following areas are covered:

Protection of whistleblowers

As per Section 54A, of the Banking Act

(1) Subject to subsection (4), where a director, a senior officer, an employee or an agent of a financial institution:-

(a) discloses to the central bank that the financial institution or a customer of the financial institution may have been involved in an act which constitutes a breach of the banking laws; and

(b) at the time he makes the disclosure, has reasonable grounds to believe that the information he discloses may be true, he shall incur no civil or criminal liability as a result of such disclosure and no disciplinary action shall be initiated against him by reason of such disclosure.

(2) The central bank shall not, without the consent of the person making the disclosure, disclose the identity of that person.

(3) Any person who commits an act of victimisation against a person who has made a disclosure under subsection (1) shall commit an offence and shall, on conviction, be liable to a fine not exceeding one million rupees and to imprisonment for a term not exceeding 5 years.

(4) Any person who willfully makes a false disclosure under subsection (1) shall commit an offence and shall, on conviction, be liable to a fine not exceeding one million rupees and to imprisonment for a term not exceeding 5 years.

(5) **In this section:**

"victimisation" means an act:-

(a) which causes injury, damage or loss;
(b) of intimidation or harassment;
(c) of discrimination, disadvantage or adverse treatment in relation to a person's employment; or
(d) amounting to threats of reprisals.

Confidentiality

The identity of the whistleblower will be protected at all stages in any internal matter. While the firm can provide internal anonymity, it cannot guarantee this will be retained if external legal action flows from the disclosure. The firm is not accountable for maintaining confidentiality where the whistleblower has told others of the alleged misdemeanour.

Process for raising a concern

Individuals will have the opportunity to raise concerns through a dedicated email address: whistleblowing@mcsmutualaid.mu or they can make reports by mail. Postal reports should be sent to The Chairperson, Audit and Corporate Governance Committee, Mutual Aid Association, 5 Guy Rozemont Square, Port Louis. Reports should be marked Private and Confidential, with reference "Whistleblowing". All whistleblowing disclosures made to the parties above will be treated as confidential and will be reported to the Board of Directors through the Audit Committee and the CEO. The whistleblower should make it clear that they are making their disclosure within the terms of the firm's whistleblowing policy. This will ensure the recipient of the disclosure realises this and takes the necessary action to investigate the disclosure and to protect the whistleblower's identity. If the whistleblower is making a disclosure in relation to money laundering or bribery, they should follow the firm's Money Laundering Procedures or contact the MLRO for guidance.

Possible outcomes after reporting a concern

There will be no adverse consequences for anyone who reports a whistleblowing concern in good faith. However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action(s). The whistleblower policy is reviewed yearly, and any updates are circulated to all staffs by email. The policy is also available online in a shared folder.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 6: Reporting with Integrity

DIRECTORS' RESPONSIBILITIES

The Directors affirm their responsibility for the preparation of the financial statements in accordance with International Financial Reporting Standards, International Accounting Standards and Companies Act 2001.

SOCIAL ISSUES

Being conscious of the fact that pursuing economic interest needs to be balanced with social and environmental responsibility, the Association has set up the Mutual Aid Foundation to address its Corporate Social Responsibility (CSR) obligations. Funds devoted to CSR activities are channeled through the Foundation. The aim is to make a perceptible difference in people's lives by working closely with the community and ensuring that CSR funds are allocated to those in need via a more direct channel.

ORGANISATIONAL OVERVIEW

The Mutual Aid created in 1893, is a non-bank financial institution under the Banking Act 2004 and operates as a public company under the Companies Act 2001.The Mutual Aid culture is based on the highest standard of business integrity, transparency and professionalism in all its activities to ensure that it is managed ethically and responsibly to enhance business value for all stakeholders. The Mutual Aid espouses corporate values geared to achieving Customer Delight, Commitment, Team Spirit, Personal Empowerment and Trust.

OVERVIEW OF THE EXTERNAL ENVIRONMENT

The organisation's principal market is mainly customers who are Mauritian citizens and its members are from the public sector. Significant factors affecting the external environment include aspects of the economic and financial issues that influence the organisation's ability to create value.

A more detailed overview of the external environment is in the Management and Discussion Analysis section.

BUSINESS MODEL

The business model of the Mutual Aid is primarily geared towards the needs of its members. Ever since its creation in 1893 as an Association, the Mutual Aid, has been successfully taking bold and concrete steps to achieve its vision of being the best financial partner of its customers. To that end, the Mutual Aid in the context of its mission to serve its members with the highest level of professionalism while adopting and responding to the ever-changing environment of the financial sector, has adopted a business model that constantly leverages on continuous product development, competitive pricing strategy and a high quality of customer service.

The principal output is loans to its members and its input is mainly deposits from the public. As regards to its loan activities, the Mutual Aid deals exclusively with its members on mutual basis. Regarding deposit taking activities, the Mutual Aid mobilizes fund from the general public as well as institutional investors.

KEY PERFORMANCE INDICATORS, PERFORMANCE AND OUTLOOK.

The Board has identified the key performance indicators namely Customer Excellence, Align Information Technology (IT) with Mutual Aid Strategy, Processing Time for Loan Application and Good Corporate Governance amongst others. These are used to evaluate the performance of the organization. Concerning the outlook, the business segment in which the Mutual Aid operates is set to remain volatile, with continuing challenges and constraints that are unfortunately not within its control.

SUSTAINABLE DEVELOPMENT

In line with sustainability concept, Mutual Aid has sought to minimize the dependency on fossil fuels through increased utilization of renewable energy and a more efficient use of energy in general. Mutual Aid has thus installed solar air-conditioning system in its second building and makes maximum use of sunlight during the day. The use of paper has also decreased considerably through the use of pocket computers for meetings of Board of Directors and Board Committees.

ENVIRONMENTAL ISSUES

Environmental issues are vital to the economy of Mauritius, and the Mutual Aid is aware of the importance of these issues. To minimise any negative impact on the environment the Board has decided to go for E-Services to reduce paper use and delivery, so that it decreases overall carbon emissions. As already mentioned, use of solar air-conditioning system in its second building will also help to decrease overall carbon emissions.

HEALTH AND SAFETY ISSUES

The health and safety of staff members and visitors are of paramount importance to us and all reasonable measures are taken to ensure a sound and healthy working environment.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 6: Reporting with Integrity (Continued)

We have a Health and Safety Officer and with the help of the executive management identify Health and Safety risks, undertake assessment and report any discrepancies to the Health and Safety Committee. A Health and Safety Committee is held every two months.

SOCIAL RESPONSIBILITIES

The Company believes in maintenance of harmonious industrial relations in order to achieve its objectives in the interest of both Mutual Aid and its employees. There is an open line of communication with the Employees' Union. Mutual Aid provides a work environment that is free from discrimination. It is an equal opportunity employer.

INTEGRATED SUSTAINABILITY REPORTING

Mutual Aid is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The Company has developed and implemented social, health and environmental policies and practices that in all material respects comply with existing legislative and regulatory frameworks. The health and safety of staff and visitors are of paramount importance to us and all reasonable measures are taken to ensure a sound and healthy working environment.

The Executive Management identifies Health and Safety risks, undertake assessment and reports any discrepancies to the Health and Safety Committee. A Health and Safety Committee is held every two months.

Mutual Aid is an equal opportunity employer and does not discriminate in any way with regard to race, religion or gender. Employment opportunities are publicly advertised.

DONATIONS DURING THE FINANCIAL YEAR ENDED JUNE 30, 2023

Rs5,000/- and Rs50,000/- were donated to the Treasury Staff Club and Piton State College Parent Teacher Association respectively.

POLITICAL CONTRIBUTIONS

No political contribution was made during the year under review.

THIRD PARTY MANAGEMENT AGREEMENT

There was no management agreement between third parties and the Company or its subsidiary during the year under review.

SHAREHOLDER RELATIONS AND COMMUNICATION

The Board aims at understanding properly the information needs of its shareholders and places great importance on an open and meaningful dialogue with all those involved with Mutual Aid. It ensures that shareholders are kept informed on matters affecting Mutual Aid. Besides official press communiqués and occasional letters to shareholders where appropriate, Mutual Aid's website is used to provide relevant information. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend the Annual Meeting, to which all shareholders are invited.

MATERIAL CLAUSES OF THE CONSTITUTION

The constitution of Mutual Aid is in conformity with the provisions of the Companies Act 2001. There are no clauses of the constitution deemed material to be disclosed.

SHAREHOLDERS AGREEMENTS

There is currently no shareholders agreement affecting the governance of Mutual Aid by the Board.

SHAREHOLDING PROFILE AND VOTING RIGHTS

None of the shareholders holds more than 5% of the share capital of the Company. Only shareholders holding a permanent and pensionable post in or receiving a retirement pension from the Government of Mauritius are entitled to one vote.

DIVIDEND POLICY

Mutual Aid has adopted a policy of paying dividend depending upon its profitability and the need to conserve resources for further growth subject to prior approval by the Board and the Bank of Mauritius. In declaring and paying dividends, Mutual Aid rigorously complies with the legal requirements.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 6: Reporting with Integrity (Continued)

CALENDAR OF EVENTS

The calendar of events is as follows:

Event	**Month**
Financial Year end	June
Event	**Month**
Last Annual Meeting of shareholders	January
Declaration of dividend Final	December
Forthcoming Annual Meeting of shareholders	December

INTEGRATED SUSTAINABILITY REPORTING

Mutual Aid is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The Company has developed and implemented social, health and environmental policies and practices that in all material respects comply with existing legislative and regulatory frameworks. The health and safety of staff and visitors are of paramount importance to us and all reasonable measures are taken to ensure a sound and healthy working environment.

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Mutual Aid is an equal opportunity employer and does not discriminate in any way with regard to race, religion or gender. Employment opportunities are publicly advertised.

CORPORATE SOCIAL RESPONSIBILITY

Mutual Aid has for long been involved in activities designed to promote the interest of the community and the creation of a sustainable society. In line with government decision, Mutual Aid has dedicated an amount equivalent to 2% of its chargeable income based on June 30, 2022 audited accounts to Corporate Social Responsibility (CSR) activities. However, as per government decision, only 25 % of the CSR fund was available to the Mutual Aid Foundation for use.

To maximize efficiency, funds devoted to CSR activities are channeled through a Foundation. The aim is to make a perceptible difference in people's lives by working closely with the community and ensuring that CSR funds are allocated to those in need via a more direct channel.

For the year ended June 30, 2023, the Association contributed a total CSR amount of Rs 7.9 million to the Foundation. The latter used the fund in several CSR projects like environmental, educational (scholarships, laptops, etc.), health (for medical treatments) and financial assistance for NGO projects.

SOME EXAMPLES OF SUPPORT BY THE FOUNDATION:

(i) Education

Scholarships are provided to youth from low income group families to undergo degree courses so that they may aspire to a brighter future.

Scholarships were given to 20 new students undertaking degree courses at institutions under Government control. The yearly grant is Rs 25,000 per student and a new laptop was also provided to each beneficiary. In addition, payments were effected to scholarship beneficiaries of existing batches.

The total amount of Rs 2m was spent on educational projects in this financial year.

(ii) Health

Contribution of more than Rs 1.3m towards medical treatment to 27 patients who required finance for surgical operations abroad.

(iii) Financial assistance

Financing of several NGOs projects which aim to improve the lives of poor and vulnerable groups for the sum of Rs 1.3m.

RELATED PARTY TRANSACTIONS

Disclosure on related party transactions is made in note 33 of the Financial Statements.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 6: Reporting with Integrity (Continued)

GENERAL

The complete set of Financial Statements and the Corporate Governance report are published in full on the Company's website.

Principle 7: Audit

Mutual Aid considers having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board of Directors and management. The Board of Directors has established formal and transparent arrangements to appoint and maintain an appropriate relationship with Mutual Aid's internal and external auditors.

The Board of Directors confirms that they have appointed the Head of Internal Audit and in line with principles as set out by the '*National Code of Corporate Governance for Mauritius*':

- The internal audit function is an independent and objective assurance activity designed to add value and improve the Association's operations. It helps the Mutual Aid to accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes.

- The internal audit function helps the Board of Directors and management maintain and improve the process by which risks are identified and managed and helps the Board of Directors discharge its responsibilities for maintaining and strengthening the internal control framework.

- The internal audit function is not responsible for the implementation of controls or for the management and mitigation of risk, the responsibility for which remains with the Board of Directors and management.

- The Head of Internal Audit has regular access to the Chairperson of the Board of Directors and the Chairperson of the Audit and Corporate Governance Committee. The Head of Internal Audit attends and reports at Audit and Corporate Governance Committees.

- The internal audit function remains independent of the activities audited and is objective in its work. The Audit and Corporate Governance Committee monitors the independence and objectivity of the internal audit function.

The Internal Audit function sends reports regularly to the Audit and Corporate Governance Committee. The areas, systems and processes covered by Internal Audit is risk based and the following areas are covered –

- Risk areas as highlighted in the Internal Audit plan
- Follow up audit reports
- Assessing the effectiveness of the AML/CFT controls
- Reviewing that Loans, Deposits and RSS Applications comply with the applicable sections of the Bank of Mauritius Guideline on Related Party Transactions

There were no significant areas that were not covered.

The internal audit function has been set up in-house and is operational as from October 2020. It is carried out independently and reports are sent to the Audit and Corporate Governance Committee on the internal controls. There is also an independent review on the extent to which the recommendations have been implemented.

There are no restrictions placed over right of access to records, to management and to employees by the internal audit. All significant risk areas are covered by the internal audit. The internal audit plan is reviewed annually by the Audit and Corporate Governance Committee.

The structure, organisation and qualifications of the key member of the internal audit function are listed on Mutual Aid's website and the core team of the in-house internal audit function is led by Mr. Rajnish RAMCHURUN.

Mr. Rajnish RAMCHURUN is the Head of Internal Audit of Mutual Aid as from October 2020. He holds a Master's in Business Administration (MBA), is a member of the Institute of Internal Auditors (Mauritius), a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and is also a member of the Mauritius Institute of Professional Accountants (MIPA). He also possesses a Degree in Management. He joined the Association in January 2012 and he has over ten years of auditing and compliance experience, mainly in the Banking sector. He has been the Manager (Compliance) of Mutual Aid from January 2012 to September 2020.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 7: Audit (Continued)

Expertise of the members of the Audit & Corporate Governance Committee:

Mr Vishnoorow Luximon (Independent Director)
He is a Member of the Board and acts as Chairperson of the Audit and Corporate Governance Committee. He is the holder of a BA Hons Mathematics from University of Delhi. He was appointed on June 17, 2019.

Mrs Nisha Devi Manic (Independent Director)
She is a Member of the Board. She is the holder of a BSc. (Hons) Horticulture, MSc in Environmental Management and a Commonwealth Executive Master of Business Administration. She was appointed on June 17, 2019.

Miss Marie Claudine Josiane Lilette Paya (Independent Director)
She is a Member of the Board and acts as Chairperson of the Investment Committee. She is the holder of a Diploma in Law & Management and BA in Legal Studies & Management. She was appointed on June 17, 2019.

The significant issues in relation to the financial statements were identified and considered through the audit report issued by the external auditors when they audited the financial statements to verify if they are free from material misstatements (whether due to fraud or error) and discussed in a meeting with the partner of the external auditor firm.

The significant issues in relation to the financial statements were addressed by the Audit and Corporate Governance Committee by discussing with both the Partner of external auditor Firm and management concerning the corrective actions taken.

Outline of the approach taken to appoint/reappoint external auditors

In line with Section 39 of the Banking Act and following a tender exercise, Deloitte was appointed external auditor for the financial year ended June 30, 2022. The technical and financial evaluation was discussed in relevant committees. The result was then discussed in the Audit and Corporate Governance Committee. In accordance with section 32 of the BOM Guideline on Corporate Governance, the Audit and Corporate Governance Committee recommended the appointment of Deloitte as external auditor for the year 2022 onwards.

The Board of Directors affirms that the Audit and Corporate Governance Committee has discussed accounting principles (critical policies, judgements and estimates) with the external auditor. The Audit and Corporate Governance Committee meets the external auditor without management presence on an annual basis.

Deloitte forms part of the big 4 Audit Companies. It has the experience, size, resources required to audit the Company. The External Audit Firm and the Audit Partner are licensed by the Financial Reporting Council. The Bank of Mauritius provided its approval for selection of the firm. The quality processes of Deloitte are based on international best practice.

The individuals assigned to the external audit team have the requisite expertise, including industry knowledge, to effectively audit the Company. The External Audit scope is adequate to address the financial reporting risks facing the Company and includes the provision of an internal control review as required by the Bank of Mauritius.

The External Audit firm has open lines of communication and reporting with the Audit and Corporate Governance Committee: Significant weaknesses in internal controls are appropriately communicated.

Based on the above factors, the external audit process is deemed effective by the Board of Directors.

The length of tenure of the current audit firm is 5 years starting from financial year 2021-2022, in accordance with the requirement of Banking Act.

Information on **audit** and **non-audit** services carried out by the current external auditor outlined as follows:

Table 1: Audit Services

SN	Details	2022-2023 Fees (Rs)	2021-2022 Fees (Rs)
1	Statutory Audit	2,277,000	2,501,250

Table 2: Non-Audit Services

SN	Details	2022-2023 Fees (Rs)	2021-2022 Fees (Rs)
1	Tax Review	207,000	189,750
2	Assignment on AML/CFT	316,250	287,500

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 7: Audit (Continued)

Outline of the approach taken to appoint/reappoint external auditors (Continued)

Whenever the external auditor provides non-auditing services, the auditor's objectivity and independence are safeguarded as the non-audit services are carried out by different partners with different teams.

Principle 8: Relations with Shareholders and Other Key Stakeholders

The Board of Directors is responsible for ensuring that an appropriate dialogue takes place among Mutual Aid, its shareholders and other key stakeholders. The Board of Directors respects the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.

There are no shareholders that hold a significant percentage (more than 5%) of total shares in the Company.

The key stakeholders of the Company are as follows:
1. Members/Customers
2. Public
3. Employees
4. Banks
5. Suppliers
6. Unions
7. Regulators
8. Government

The Company responds to the reasonable expectations and interests of its key stakeholders as follows:
1. Members -by providing loans to its members at favorable conditions
2. Public/Customers - by providing deposits and RSS at attractive interest rates and timely information to the public.
3. Employees –by fostering an environment that supports sustainable performance and promoting continual professional and personal development for all of them.
4. Banks-by dealing with all banks at arm length basis.
5. Suppliers-by dealing through strict procurement procedures where there is fairness and equity.
6. Unions-by having regular meetings and addressing issues that are in the best interest of the Company.
7. Regulators-by complying with all regulatory requirements.
8. Government- by complying with relevant legislations and making appropriate tax payments

The Board of Directors affirms that relevant stakeholders have been involved in a dialogue on the organisational position, performance and outlook.

Mutual Aid aims at understanding properly the information needs of its shareholders and places great importance on an open and meaningful dialogue. It ensures that shareholders are kept informed on matters affecting Mutual Aid. Besides official press communiqués to shareholders, Mutual Aid's website provides relevant information. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend the Annual Meeting, to which all shareholders are invited.

All decisions are taken in the best interest of its members and in compliance of relevant legislations. The Company is very attentive to the request of its members and aims at providing good service all the times.

The Board of Directors affirms that Mutual Aid holds an Annual Meeting. The Board of Directors provides sufficient notice of the annual meeting and other shareholder meetings. The Company encourages attendance of the shareholders at the annual meeting and the opportunity to provide questions by publishing notice. The Board of Directors provides appropriate papers for the annual meeting and other shareholder meetings by preparing a pack. All resolutions were unanimously approved in the Annual Meeting held in January 2023.

For the financial year ended June 30, 2022, dividends were yet to be paid to shareholders at the reporting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;

(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);

(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;

(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

(iii) International Financial Reporting Standards have been adhered to. Any departure in the interest in fair presentation has been disclosed, explained and quantified.

(iv) The Code of Corporate Governance has been adhered to, except for some sections where reasons have been provided.

Signed on behalf of the Board of Directors on September ______, 2023.

25 SEP 2023

....	....	....
Mr. M.Bheekhee	Mr. P. Ramjug	Mr. N. Dabeesingh
Chairperson	**Director**	**Chief Executive Officer**

STATEMENT OF COMPLIANCE BY THE BOARD OF DIRECTORS
(As per the National Code of Corporate Governance)

Reporting Period: 1st July 2022 to 30th June 2023

Throughout the year ended June 30, 2023, to the best of the Board's knowledge, The Mauritius Civil Service Mutual Aid Association Ltd has not fully applied the Principle Four of the Code. The areas of non-compliance are in respect of non-distinction in the remuneration of executive directors as explained in the report.

Mr. M.Bheekhee	Mr. P. Ramjug	Mr. N. Dabeesingh
Chairperson	**Director**	**Chief Executive Officer**

DATE: 25 SEP 2023

STATEMENT OF COMPLIANCE

Name of Public Interest Entity: The Mauritius Civil Service Mutual Aid Association Ltd

Reporting Period: 1st July 2022 to 30th June 2023

"We, the directors of The Mauritius Civil Service Mutual Aid Association Ltd confirm that to the best of our knowledge, the Mutual Aid has complied with all of its obligations and requirements under the code except for, Principle Four of the Code.

The directors consider the requirement for individual disclosure of director's remuneration to be commercially sensitive information and regard it as not being in the interest of Mutual Aid to make such disclosure.

....	....	....
Mr. M.Bheekhee	Mr. P. Ramjug	Mr. N. Dabeesingh
Chairperson	**Director**	**Chief Executive Officer**

DATE: ....September 2023
25 SEP 2023

I certify that to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

Secretary: ....

Date: ...25 SEP 2023...

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Members of
The Mauritius Civil Service Mutual Aid Association Ltd

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **Mauritius Civil Service Mutual Aid Association Ltd** (the "Company" or the "Public Interest Entity") and its subsidiary (altogether the "Group") set out on pages 10 to 84, which comprise the consolidated and separate statements of financial position as at 30 June 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2023, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standard Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed by the key audit matter
Impairment of loans and advances to members The Company has computed the expected credit losses ("ECLs") on its loans and advances to members in line with the requirements set out by IFRS 9 Financial Instruments. As at 30 June 2023, the Group and the Company reported total gross loans and advances to members of Rs36.1bn and expected credit loss (ECL) provisions of Rs 687.2m. Further details of the loans and advances are set out in Note 14 to the financial statements. Estimating ECL includes the following; - determination of expected losses (including Probability of Default (PD), Loss Given Default LGD) and Exposure At Default (EAD)); - determination of the criteria for Significant Increase in Credit Risk (SICR); - classification of the loans and advances in stages 1, 2 and 3 based on the policy adopted by the Group and aligned with the requirements of IFRS 9;	Our procedures included the following amongst others: • Involved our specialist team in validating the statistical model, evaluating the appropriateness of the IFRS 9 impairment methodologies and assessing the appropriateness of the macro-economic forecasts used. • Tested the accuracy and completeness of ECL by reperformance. • Tested the classification of the loans and advances in stages 1, 2 and 3 and the application of 12 months ECL for stage 1 and lifetime ECL for stage 2 and stage 3. • Tested the key inputs and assumptions used in the ECL model. This included assessing the probability of default, loss given default and exposure at default.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Key audit matters (continued)

Key audit matter	How our audit addressed by the key audit matter
- relevance of macro-economic factors; - inputs and assumptions used to estimate the recoverable amount of the loans. Due to the materiality of the balances and the significance of management judgements and estimates involved in the determination of the ECLs as disclosed in Notes 2.8 and 3(d) to the financial statements, this item is considered a key audit matter.	• Tested the design and operating effectiveness of the key controls over the approval of credit facilities and subsequent monitoring • Evaluated the reasonableness of management's estimated future recoveries based on expected future cash flows for loans and advances to customers that were individually assessed for impairment (Stage 3) • Assessed whether the disclosures are in accordance with IFRS 9 requirements.

Other information

The directors are responsible for the other information. The other information comprises the management discussion and analysis, the statement of management's responsibility for financial reporting, the statutory disclosures, the corporate governance report, Risk Report and the company secretary's certificate. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004, and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Auditor's responsibilities for the audit of the consolidated and separate financial statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company and its subsidiary other than in our capacity as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Banking Act 2004

- In our opinion, the consolidated and separate financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the provisions of the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius; and
- the explanations or information called for or given to us by the officers or agents of the Group were satisfactory.

Deloitte.

7[th]-8[th] floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Members of The Mauritius Civil Service Mutual Aid Association Ltd (Continued)

Report on other legal and regulatory requirements (Continued)

Financial Reporting Act 2004

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Use of this report

This report is made solely to the Company's members, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte

Deloitte
Chartered Accountants
25 September 2023

LLK Ah Hee, FCCA
Licensed by FRC

		THE GROUP			THE COMPANY		
	Notes	**2023**	2022	2021	**2023**	2022	2021
		Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Interest income	6	**3,133,570**	2,546,016	2,562,940	**3,133,570**	2,546,016	2,562,940
Interest expense	6	**(1,115,861)**	(713,035)	(790,601)	**(1,115,861)**	(713,035)	(790,601)
Net interest income	6	**2,017,709**	1,832,981	1,772,339	**2,017,709**	1,832,981	1,772,339
Other income	7	**16,145**	10,919	7,800	**18,754**	13,527	10,506
Rental income	22(i)	**18,563**	15,256	17,248	**-**	-	-
Operating income		**2,052,417**	1,859,156	1,797,387	**2,036,463**	1,846,508	1,782,845
Net credit loss (expense)/release on financial assets	8	**(90,211)**	319,734	4,205	**(90,166)**	319,734	4,205
Personnel expenses	9	**(151,791)**	(132,831)	(121,256)	**(151,791)**	(132,831)	(121,256)
Depreciation and amortisation	19, 20	**(46,074)**	(46,479)	(41,289)	**(46,306)**	(43,407)	(50,550)
Other expenses	10	**(130,745)**	(102,573)	(124,761)	**(129,187)**	(98,178)	(114,342)
Impairment reversal/(charge) on property, plant and equipment	19	**317**	(26,370)	-	**317**	(26,370)	-
Fair value adjustments of funds	26(a)&(b)	**82,200**	(39,300)	(17,700)	**82,200**	(39,300)	(17,700)
Fair value gain/(loss) on investment properties	22	**11,213**	(121,669)	8,590	**301**	(128,268)	-
Fair value (loss)/gain on financial assets at fair value through profit or loss	18	**(11,351)**	9,580	12,095	**(11,351)**	9,580	12,095
Share of loss of associate	21	**(2,951)**	(9,801)	(1,862)	**(2,951)**	(9,801)	(1,862)
		(339,393)	(149,709)	(281,976)	**(348,934)**	(148,841)	(289,410)
Profit before income tax		**1,713,024**	1,709,447	1,515,410	**1,687,529**	1,697,667	1,493,435
Income tax expense	11(a)	**(315,424)**	(289,914)	(107,684)	**(311,808)**	(287,901)	(104,902)
Profit for the year		**1,397,600**	1,419,533	1,407,724	**1,375,721**	1,409,766	1,388,533
Other comprehensive income:							
Items that will not be reclassified to profit or loss:							
Remeasurements of pension benefit	27	**15,033**	11,524	101,598	**15,033**	11,524	101,598
Income tax relating to components of other comprehensive income	11(b)	**(2,556)**	(1,959)	(17,272)	**(2,556)**	(1,959)	(17,272)
Other comprehensive income		**12,477**	9,565	84,326	**12,477**	9,565	84,326
Total comprehensive income for the year		**1,410,077**	1,429,098	1,492,050	**1,388,198**	1,419,331	1,472,859
Earnings per share - Basic and Dilluted	12	**0.78**	0.84	0.75	**-**	-	-

The notes on pages 15 to 84 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 9.

		THE GROUP			THE COMPANY		
	Notes	**2023**	2022	2021	**2023**	2022	2021
ASSETS		**Rs'000**	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Cash and cash equivalents	13	**1,049,252**	890,129	1,792,414	**1,008,858**	861,808	1,759,847
Loans and advances to members	14	**35,434,631**	34,424,012	33,542,883	**35,434,631**	34,424,012	33,542,883
Placements with bank and non-bank financial institutions	16	**507,138**	279,173	2,026,098	**507,138**	279,173	2,026,098
Financial assets at amortised cost	17	**3,952,383**	3,949,184	2,506,017	**3,952,383**	3,949,184	2,506,017
Financial assets at fair value through profit or loss	18	**203,946**	120,321	77,475	**203,946**	120,321	77,475
Investment in subsidiary	15	**-**	-	-	**433,802**	433,802	433,802
Property, equipment and right of use assets	19	**311,394**	250,945	300,491	**158,222**	114,340	160,274
Intangible assets	20	**10,353**	23,107	36,404	**10,352**	22,993	36,177
Investment in associates	21	**134,481**	88,312	98,113	**134,481**	88,312	98,113
Investment properties	22	**533,469**	531,569	624,017	**247,984**	248,106	368,129
Deferred tax assets	11(b)	**95,611**	113,297	163,484	**112,271**	125,703	174,682
Other assets	23	**362,934**	78,285	72,684	**364,147**	74,855	70,769
Total assets		**42,595,592**	40,748,334	41,240,080	**42,568,215**	40,742,609	41,254,266
LIABILITIES							
Deposits from customers	24	**20,259,073**	22,204,786	24,320,767	**20,259,073**	22,204,786	24,320,767
Interest bearing loans	25	**2,368,652**	-	-	**2,368,652**	-	-
Current tax liabilities	11(a)	**83,156**	66,524	83,279	**83,158**	66,526	84,087
Funds	26	**3,739,685**	3,661,523	3,490,647	**3,739,685**	3,661,523	3,490,647
Pension benefit obligations	27	**5,612**	47,562	46,648	**5,612**	47,562	46,648
Other liabilities	28	**246,052**	239,778	154,878	**242,454**	235,953	160,391
Total liabilities		**26,702,230**	26,220,173	28,096,219	**26,698,634**	26,216,350	28,102,540
Shareholders' equity							
Share capital	29	**227,196**	226,728	226,273	**227,196**	226,728	226,273
Retained earnings	30(e)	**15,401,945**	13,892,879	12,577,871	**15,381,645**	13,894,458	12,589,217
Revaluation reserve	30(a)	**3,481**	3,481	3,481	**-**	-	-
Statutory reserve	30(b)	**227,196**	226,728	226,273	**227,196**	226,728	226,273
Actuarial reserves	30(c)	**(136,259)**	(148,736)	(158,301)	**(136,259)**	(148,736)	(158,301)
Other reserves	30(d)	**169,803**	327,081	268,264	**169,803**	327,081	268,264
Total equity		**15,893,362**	14,528,161	13,143,861	**15,869,581**	14,526,259	13,151,726
Total equity and liabilities		**42,595,592**	40,748,334	41,240,080	**42,568,215**	40,742,609	41,254,266

These financial statements have been approved for issue by the Board of Directors on 25 SEP 2023 and signed on its behalf by:

Mr. M. Bheekhee
Chairperson

Mr. P. Ramjug
Director

Mr. N. Dabeesingh
Chief Executive Officer

The notes on pages 15 to 84 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 9.

THE GROUP

	Share capital	Statutory reserve	Revaluation reserves	Other Reserve	Actuarial reserves	Retained earnings	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at July 1, 2020	225,529	225,529	3,481	356,741	(242,627)	11,082,413	11,651,068
Issue of shares (note 29)	743	-	-	-	-	-	743
Profit for the year	-	-	-	-	-	1,407,724	1,407,724
Other comprehensive income for the year	-	-	-	-	84,326	-	84,326
Total comprehensive income	-	-	-	-	84,326	1,407,724	1,492,050
Transfer made to reserves for the year (note 30)	-	743	-	(88,477)	-	87,734	-
Dividend declared (note 31)	-	-	-	-	-	-	-
Balance at June 30, 2021	226,272	226,272	3,481	268,264	(158,301)	12,577,871	13,143,861
Balance at July 1, 2021	226,272	226,272	3,481	268,264	(158,301)	12,577,871	13,143,861
Issue of shares (note 29)	456	-	-	-	-	-	456
Profit for the year	-	-	-	-	-	1,419,533	1,419,533
Other comprehensive income for the year	-	-	-	-	9,565	-	9,565
Total comprehensive income	-	-	-	-	9,565	1,419,533	1,429,098
Transfer made to reserves for the year (note 30)	-	456	-	58,817	-	(59,273)	-
Dividend declared (note 31)	-	-	-	-	-	(45,254)	(45,254)
Balance at June 30, 2022	226,728	226,728	3,481	327,081	(148,736)	13,892,879	14,528,161
Balance at July 1, 2022	**226,728**	**226,728**	**3,481**	**327,081**	**(148,736)**	**13,892,879**	**14,528,161**
Issue of shares (note 29)	**468**	-	-	-	-	-	**468**
Profit for the year	-					**1,397,600**	**1,397,600**
Other comprehensive income for the year	-	-	-	-	**12,477**	-	**12,477**
Total comprehensive income	-	-	-	-	**12,477**	**1,397,600**	**1,410,077**
Transfer made to reserves for the year (note 30)	-	**468**	-	**(157,278)**	-	**156,810**	-
Dividend declared (note 31)	-	-	-	-	-	**(45,344)**	**(45,344)**
Balance at June 30, 2023	**227,196**	**227,196**	**3,481**	**169,803**	**(136,259)**	**15,401,945**	**15,893,362**

The notes on pages 15 to 84 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 9.

THE COMPANY

	Share capital Rs'000	Statutory reserve Rs'000	Other reserve Rs'000	Actuarial reserves Rs'000	Retained earnings Rs'000	Total equity Rs'000
Balance at July 1, 2020	225,530	225,530	356,741	(242,627)	11,112,950	11,678,124
Issue of shares (note 29)	743	-	-	-	-	743
Profit for the year	-	-	-	-	1,388,533	1,388,533
Other comprehensive income for the year	-	-	-	84,326	-	84,326
Total comprehensive income	-	-	-	84,326	1,388,533	1,472,859
Transfer made to reserves for the year (note 30)	-	743	(88,477)		87,734	-
Dividend declared (note 31)	-	-	-	-	-	-
Balance at June 30, 2021	226,273	226,273	268,264	(158,301)	12,589,217	13,151,726
Balance at July 1, 2021	226,273	226,273	268,264	(158,301)	12,589,217	13,151,726
Issue of shares (note 29)	456	-	-	-	-	456
Profit for the year	-	-	-	-	1,409,766	1,409,766
Other comprehensive income for the year	-	-	-	9,565	-	9,565
Total comprehensive income	-	-	-	9,565	1,409,766	1,419,331
Transfer made to reserves for the year (note 30)	-	456	58,817	-	(59,273)	-
Dividend declared (note 31)	-	-	-	-	(45,254)	(45,254)
Balance at June 30, 2022	226,728	226,728	327,081	(148,736)	13,894,458	14,526,259
Balance at July 1, 2022	**226,728**	**226,728**	**327,081**	**(148,736)**	**13,894,458**	**14,526,259**
Issue of shares (note 29)	**468**		-	-	-	**468**
Profit for the year	-	-	-	-	**1,375,721**	**1,375,721**
Other comprehensive income for the year	-	-	-	**12,477**	-	**12,477**
Total comprehensive income	-	-	-	**12,477**	**1,375,721**	**1,388,198**
Transfer made to reserves for the year (note 30)	-	**468**	**(157,278)**	-	**156,809**	-
Dividend declared (note 31)	-	-	-	-	**(45,344)**	**(45,344)**
Balance at June 30, 2023	**227,196**	**227,196**	**169,803**	**(136,259)**	**15,381,645**	**15,869,581**

The notes on pages 15 to 84 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 9.

		THE GROUP			THE COMPANY		
	Notes	**2023**	2022	2021	**2023**	2022	2021
		Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Cash flows from operating activities							
Profit before income tax		**1,713,024**	1,709,447	1,515,410	**1,687,529**	1,697,667	1,493,435
Adjustments for:							
(Net release)/credit loss allowance on financial assets	8	**90,211**	(319,734)	(4,205)	**90,166**	(319,734)	(4,205)
Depreciation of property, equipment and right of use	19	**32,018**	32,377	26,330	**32,364**	29,418	35,797
Derecognition of right of use assets	19	**-**	-	153	**-**	-	-
Amortisation of intangible assets	20	**14,056**	14,103	14,959	**13,942**	13,990	14,753
Interest income	6	**(3,133,570)**	(2,546,016)	(2,562,940)	**(3,133,570)**	(2,546,016)	(2,562,940)
Interest expense	6	**1,186,711**	713,035	790,601	**1,186,711**	713,035	790,601
Pension expense	27(iv)	**(26,917)**	17,394	18,575	**(26,917)**	17,394	18,575
Share of loss of associate	21	**2,951**	9,801	1,862	**2,951**	9,801	1,862
Fair value gain/(loss) on investment properties	22	**(301)**	121,669	(8,590)	**(301)**	128,268	-
Impairment on property, plant and equipment	19	**(317)**	26,370	-	**(317)**	26,370	-
Interest expense on lease liabilities	10	**1,376**	1,660	618	**1,372**	1,713	1,113
Fair value (gain)/loss on financial assets at fair value	18	**11,351**	(9,580)	(12,095)	**11,351**	(9,580)	(12,095)
Realised loss on disposal of financial assets at fair	18	**1,650**	(47)	118	**1,650**	(47)	118
Lease adjustment		**-**	(2,899)	-	**-**	(2,899)	-
Translation (gain)/loss on revaluation of cash balance		**2**	(3)	5	**2**	(3)	5
Fair value adjustments of funds	26(a)&(b)	**(82,200)**	39,300	17,700	**(82,200)**	39,300	17,700
		(189,955)	(193,125)	(201,500)	**(215,268)**	(201,321)	(205,281)
Changes in operating assets and liabilities:							
(Increase)/decreasein loans and advances to members		**(1,221,472)**	(775,718)	(1,853,524)	**(1,221,472)**	(775,718)	(1,853,524)
(Increase)/decrease in other assets		**(290,505)**	(6,004)	(55,253)	**(289,292)**	(7,928)	(55,022)
(Decrease)/Increase in deposits from customers		**(1,983,036)**	(1,764,680)	(1,532,265)	**(1,983,036)**	(1,764,680)	(1,532,265)
Increase/(decrease) in other liabilities		**(13,101)**	7,446	26,653	**(8,867)**	21,756	29,080
Net Increase in Funds		**182,723**	302,371	325,102	**182,723**	302,371	325,102
		(3,515,346)	(2,429,708)	(3,290,786)	**(3,535,212)**	(2,425,521)	(3,291,910)
Interest received		**3,142,043**	2,621,123	2,563,062	**3,142,043**	2,621,123	2,563,062
Interest paid		**(966,597)**	(1,016,995)	(906,470)	**(966,597)**	(1,016,995)	(908,201)
Income tax paid	11(a)	**(284,297)**	(258,442)	(188,878)	**(284,297)**	(258,442)	(188,878)
Net cash used in operating activities		**(1,624,197)**	(1,084,022)	(1,781,734)	**(1,644,062)**	(1,079,836)	(1,784,790)
Cash flows from investing activities							
Addition to placements with bank and non-bank financial institutions	16	**(500,000)**	-	-	**(500,000)**	-	-
Proceeds from matured placements with bank and non-bank financial institutions	16	**250,000**	1,675,000	1,150,000	**250,000**	1,675,000	1,150,000
Proceeds from matured financial assets at amortised costs and fair value through profit or loss	17, 18	**991,365**	510,481	4,159,426	**991,365**	510,481	4,159,426
Addition to financial assets at amortised cost and at fair value through profit or loss	17, 18	**(1,098,044)**	(1,992,900)	(3,030,840)	**(1,098,045)**	(1,992,899)	(3,030,840)
Purchase of property and equipment	19	**(80,895)**	(5,037)	(89,655)	**(75,505)**	(5,037)	(89,425)
Acquisition of investment in associate	21	**(49,120)**	-	(99,975)	**(49,120)**	-	(99,975)
Purchase of investment property	22	**(1,945)**	-	(368,258)	**-**	-	(368,129)
Net cash (used in)/generated from investing activities		**(488,639)**	187,377	1,718,242	**(481,305)**	187,377	1,718,833
Cash flows from financing activities							
Proceeds from issuing shares	29	**468**	456	743	**468**	456	743
Proceeds from loans	25	**2,500,000**	-	-	**2,500,000**	-	-
Repayment of loans	25	**(195,369)**	-	-	**(195,369)**	-	-
Payment of the principal portion of the lease liability	28	**(1,837)**	(6,032)	(997)	**(1,767)**	(5,974)	(13,891)
Dividend paid	31	**(31,348)**	(59)	(112)	**(31,348)**	(59)	(112)
Net cash generated from/(used in) financing activities		**2,271,915**	(5,634)	(366)	**2,271,984**	(5,577)	(13,260)
Net increase/(decrease) in cash and cash equivalents		**159,079**	(902,281)	(63,859)	**146,617**	(898,036)	(79,216)
Effect of foreign exchange rate changes		**(2)**	(3)	(5)	**(2)**	(3)	(5)
ECL arising on Cash and Cash Equivalents		**46**			**435**		
Cash and cash equivalents at beginning of year		**890,129**	1,792,414	1,856,278	**861,808**	1,759,847	1,839,068
Cash and cash equivalents at end of year	13	**1,049,252**	890,129	1,792,414	**1,008,858**	861,808	1,759,847

The notes on pages 15 to 84 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 9.

1 (a) GENERAL INFORMATION

The Mauritius Civil Service Mutual Aid Association Ltd ("the Company") was incorporated in Mauritius on July 29, 1913 under the Companies Ordinance No.35 of 1912 as a limited liability company. The address of its registered office is 5, Guy Rozemont Square, Port Louis. The activities of the Company are mainly to grant loans to its associates and members of staffs. The Company has also a deposit taking licence from the Bank of Mauritius, which allows it to accept deposits from the public. The types of deposits accepted by the Company include term deposits.The financial statements comprise the financial statements of the Company and its subsidiary collectively referred to as the "Group".

The principal activity of the subsidiary ("MCS Property Ltd") is Managing of idle office space.

1 (b) APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

In the current year, the Group and the Company have applied all of the new and revised standard and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2022.

New and revised Standards in issue not yet effective

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

IAS 16	Property, plant and equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produces while the company is preparing the asset for its
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous
IFRS 3	Business Combinations - Amendments updating a reference to the Conceptual Framework
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities)

New and revised standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant new and revised Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

However, except for IFRS 17 - Insurance Contracts, none of these other standards and interpretations are expected to have a material impact on the financial statements of the Company. The Group expects that the new standard will result in an important change in the accounting policies of the company and is likely to have a significant impact on profit and total equity together with prsentation and disclosure.

IAS 1	Presentation of Financial Statements - Amendments to defer the effective date of the January 2020 amendments (effective 01 January 2023)
IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 01 January 2023)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities as current or non-current (effective 01 January 2024)
IAS 1	Presentation of Financial Statements - Non-current Liabilities with Covenants (Amendments to IAS 1) (effective 01 January 2024)
IAS 7	Statement of cash flows - Amendments regarding supplier finance arrangements (effective 1 January 2024)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 01 January 2023)
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 01 January 2023)
IAS 12	Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes (effective 01 January 2023)
IFRS 7	Financial instruments - Amendments regarding supplier finance arrangements (effective 1 January 2024)
IFRS 16	Leases - Amendments regarding lease liability in a sale and leaseback (effective 01 January 2024)
IFRS 4	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (effective 01 January 2023)
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (effective 01 January 2023)

The directors anticipate that these Standards and Interpretation will be applied on their effective dates in future periods. The directors have not yet assessed the potential impact of the application of these amendments.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation

Statement of compliance

The financial statements of the Company and its subsidiary (collectively know as the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004, including the regulations and guidelines issued by the Bank of Mauritius, in so far as the operations of the Group are concerned. Where necessary, comparatives figures have been amended to conform with changes in presentation, or in accounting policies in the current year.

The financial statements have been prepared under the historical cost convention, except for the following assets and liabilities that are measured at fair value:

1) relevant financial assets and liabilities are stated at their fair values;
2) investment properties are stated at fair value; and
3) The Guarantee Benevolent Scheme and Mutual Solidarity Scheme (the "Funds") are stated at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period in which the assumptions change. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The financial statements are presented in Mauritian Rupees ('Rs'), and all values are rounded to the nearest thousand rupees, except where otherwise indicated.

As required by IAS 1 Presentation of financial statements and IFRS 4 Insurance Contracts, the Company has disclosed the results of the Funds on the face of the statement of profit or loss and other comprehensive income such that it will help the users of the financial statements to understand the amounts disclosed in the financial statements that arises from insurance contracts.

The Group has adopted IFRS 9 to all types of financial instruments except for rights and obligations arising under a contract within the scope of IFRS 4 Insurance Contracts.

2.2 Basis of consolidation

The financial statements comprise the financial statements of the Company and its subsidiary collectively referred to as the "Group". The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Please refer to Note 3.2 for the accounting policies for consolidation.

2.3 Foreign currency translation

(i) *Functional and presentation currency*

The consolidated and separate financial statements are prepared in Mauritian Rupees (Rs), which is the Group's and Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Transactions denominated in foreign currencies are accounted for at the closing rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies are reported at the closing rate of exchange ruling at the reporting date. Differences arising from reporting monetary items are dealt with in the profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non monetary-items, such as equities classified as fair value through other comprehensive income financial assets, are included in the fair value reserve in other comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Interest income and expense

Interest income and interest expenses are recognised on a time-proportion basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group and the Company estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. When a receivable is impaired, the Group and the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses ("ECL"). The interest is suspended and recognised only upon receipt.

2.5 Fees and commissions income

Fees and commissions are recognised on an accrual basis unless collectability is in doubt and except for fees which are an integral part of the effective interest rate of loans.

2.6 Dividend and other income

Dividend income is recognised when the Group's right to receive the dividend is established.

Other income include penalty fee income for early encashment of deposits and retirement savings scheme and management fee income on Guarantee Benevolent Scheme. Other income are generally recognised as the services are provided by the Group and the company consumed by the customer.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

The company provides management and admin services to its subsidiary and for managing the General Benevolent Scheme. Revenue from contract with customer is recognised when control of the services are transferred to the customers at an amount that reflects the consideration to which the Group expects to the entitled in exchange for those services.

Services transferred over time

The Group and Company recognised revenue from these services over-time because customer simultaneously receives and consumes the benefits provided by the Group.

Services transferred at a point in time

Revenue from such services is reocgnised at a point in time, generally upon delivery of the service.

2.7 Classification of insurance contracts

Insurance contracts are those contracts which transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until rights and obligations are extinguished or expired. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

The Company operates three funds namely Guarantee Benevolent Scheme (GBS), Mutual Solidarity Contribution (MSC) and Retirements Saving Scheme (RSS).

Guarantee Benevolent Scheme (The "GBS Fund")

GBS has been classified as insurance contract because the GBS Fund accepts significant insurance risk from the members investing in the fund by agreeing to compensate the members if a specified uncertain future event adversely affects the latter.

The Fund was set up on July 1, 1982, to supersede the Guarantee Fund with the following objectives:

- Provision of several benefits like surgical grants, assistance for medical treatment abroad, grant on the death of contributor's spouse and grant on the death of contributors; and
- Any other benefit that may be determined from time to time by the Board.

The liability recognised in the statement of financial position relates to the contributions received from the members after deducting the grants paid and management fee charged. Contributions to the GBS Fund are recognised on a monthly basis upon receipt of the funds from the members. The grants for death, medical and surgical are accounted on claims made by the members, when the funds are disbursed.

The management fee is charged to the GBS Fund as a fee for managing the funds. The fees are calculated as a percentage of cumulative contribution received. Management fees are charged on a yearly basis.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Classification of insurance contracts (continued)

Guarantee Benevolent Scheme (The "GBS Fund") (continued)

Deficits in valuation of the GBS Fund comprise actuarial losses arising from experience adjustments and changes in actuarial assumptions and are recognised immediately in profit or loss in the period in which they occur. In case of surplus, the Board has decided that whole surplus will be recognised in the profit or loss.

Given that claims being made are unpredictable, there is a risk that the GBS Fund may be subject to a default risk. To mitigate such risk management carries an actuarial valuation on a yearly basis to identify potential default and additional contribution to the Fund accordingly.

It is to be noted that this scheme is phasing out and there is no new member being admitted to the GBS Fund since 2001. Furthermore, the maximum grant being paid is as follows:

Benefit description	Amount
Death grant	Rs 4,500 once only
Spouse death grant	Rs 1,000 once only
Surgical grant	Rs 600/1,200 every twelve months

The particular characteristic of the GBS Fund and the small amount of claims involved make the default risk remote.

Mutual Solidarity Contribution (The "MSC Fund")

The MSC Fund has been classified as insurance contract because the MSC Fund accepts significant insurance risk from the members investing in the fund which compensates the members by writing off their loans in case of death.

The liability recognised in the statement of financial position relates to the contribution received from the members when a new loan is disbursed (the percentage charged varies from 4.5% to 5.5% of the loan sanctioned amount) after deducting outstanding loan amount of loanees upon death.

Deficit in valuation of the MSC Fund comprises actuarial losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in profit or loss in the period in which they occur. In case of surplus, the Board has decided that whole surplus will be recognised in the profit or loss.

There is a default risk where loan write off for deceased loanees exceeds the amount contributed to the MSC Fund. To mitigate such risk management carries an actuarial valuation on a yearly basis to identify potential default and additional contribution to the Fund accordingly.

More details on the valuation method, assumptions used and result of the valuation are given under note 26(b).

Retirement Savings Scheme (The "RSS Fund")

The RSS Fund is classified as investment contract because it does not expose the fund to significant insurance risk. Hence, the RSS fund is within the scope of IFRS 9.

The RSS Fund was set up as from December 1, 2000, with the ultimate objective of providing for a retirement benefit to its associates who are public officers or in an approved service and later extended to the general public.

The liability recognised in the statement of financial position relates to the contribution received from the public after deducting withdrawals made by the contributors. The interest expense recognised in profit or loss is on an accrual basis. The liability is valued at amortised cost.

2.8 Financial Instruments

Financial Assets

Financial instruments - Initial recognition and subsequent measurement

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. For all financial assets the amount presented on the statement of financial position represent all amounts receivable including interest accruals.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (Continued)

Financial Assets (Continued)

Financial instruments - Initial recognition and subsequent measurement (Continued)

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the entity may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- the entity may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt instruments at amortised cost or at FVTOCI

The Group asses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The solely payments of principal and interest (SPPI) test

As a second step of its classification process the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (Continued)

The solely payments of principal and interest (SPPI) test (Continued)

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI;
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Equity instruments designated at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Reclassifications

If the business model under which the entity holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting periods presented there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Cash and cash equivalents

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Placements with banks and non-bank financial institutions

The Group only measures placements with banks and non-bank financial institutions at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial liabilities

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (Continued)

Financial liabilities (Continued)

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group and the Company or a contract that will or may be settled in the Group and the Company's own equity instruments and is a non-derivative contract for which the Group and the Company are or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group and the Company's own equity instruments.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other liabilities'. For all financial liabilities the amount presented on the statement of financial position represent all amounts payable including interest accruals.

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Impairment of financial assets

Loans and advances to members

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in note 3.1. The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12 months ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

This is further explained in Note 3.

The Company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12months ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired (as outlined in Note 8). The Group records an allowance which is the difference between the carrying amount and the recoverable amount. Recoverable amount equals to the present value of future cash flows as per the term of the loan.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

The Group calculates ECLs based on an economic scenario derived from International Monetary Fund (IMF) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 3.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 3.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (Continued)

Impairment of financial assets (Continued)

Loans and advances to members (Continued)

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan, as set out in this note below. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 8. When estimating ECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down then multiplied with the LGD and PD on the loans.

Write-offs

Financial assets are written off either partially or in their entirety only in hardship and death cases. The Group has a scheme known as the mutual solidarity scheme (refer to note 26) where the outstanding amount of loans for deceased borrowers and hardship cases are written off.

Allowance for credit impairment in respect of on-balance sheet items is deducted from the applicable asset. Changes in the carrying amount of the allowance accounts are recognised in the statement of profit or loss. When an advance is uncollectible, it is written off against the mutual solidarity contribution for deceased borrowers and for other cases the loan is written off against accumulated provision. Subsequent recoveries of amounts previously written off are credited to "Net credit loss allowance on financial assets" in the statement of profit or loss.

Where possible, the Group seeks to restructure loans. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate (EIR) as calculated before the modification of terms and the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

Statutory portfolio allowance

A portfolio allowance for credit losses is maintained in accordance with the guidelines of the Bank of Mauritius. Amounts in excess of provision under IFRS 9 are recognised in reserves.

Other financial assets

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Placements with bank and non-bank financial institutions;
- Cash and cash equivalents; or
- Other Financial assets at amortised cost.

With the exception of purchased or originated credit impaired (POCI) assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, that is, ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as stage 1);
- Lifetime ECL, that is, lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as stage 2); or
- ECL on credit impaired assets, that is the difference between the gross carrying amount and the present value of estimated future cash flows, (referred to as stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (Continued)

Other financial assets (Continued)

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive); or
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankrupcy or other financial reorganisation; or
(e) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

A loan that has been renegotiatied due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

Definition of default and cure

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different type of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators such as overdue status. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources, for example, regulatory guidelines.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of stage 3 when none of the default criteria have been present in the next month. The decision whether to classify an asset as stage 2 or stage 1 once cured depends on the days past due (if any), at the time of the cure and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

2.9 Write-off policy

Financial assets are written off either partially or in their entirety only in hardship and death cases. The Group has a scheme known as the mutual solidarity scheme (refer to note 26) where the outstanding amount of loans for deceased borrowers are

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Write-off policy (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.10 Modification of financial assets

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral.

The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk, as set out in Note 3. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, based on the policy of the Group, the latter will remain forborne.

If modifications are substantial, the loan is derecognised and a new loan is recognised. A substantial modification to the terms of a loan arise would result in the derecognition of the old loan and recognition of the new loan when all the terms attached to the old loans are changed.

2.11 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant properties, such as land and buildings. Selection of external valuers is decided upon every 3 years. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with their external valuers, which valuation techniques and inputs to use for each case.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Investments

Investment in Subsidiary

Separate financial statements

Investment in subsidiary in the separate financial statements are carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer, net of any impairment. Acquisition-related costs are generally recognised in profit or loss as incurred. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the impairment loss is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and carrying amount is recognised in profit or loss.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments, or when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investment in Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Building	2%
Furniture, fittings and equipment	10%
Office equipment	20%
Computer equipment	20%
Motor vehicles	20%

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

An item or property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

No depreciation is charged on Work-in-Progress.

2.14 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives of 5 years.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that have finite useful life are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Investment Properties

Investment properties, held to earn rentals or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open-market value determined annually by external valuers. Changes in the fair values are included in profit or

Property that is under construction or development to earn rentals or for capital appreciation or both is accounted as investment properties.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers made to or from investment properties are only made when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under plant and equipment up to the date of the change in use.

When the Group completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

2.17 Stated Capital

Stated capital is classified as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and Company are recorded at the proceeds received, net of direct issue costs.

2.18 Dividend payable

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared. The liability is extinguished when actual payments are made to the shareholders.

2.19 Deposits from customers

Deposits from customers are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Deposits from customers are derecognised when the Group's obligations are discharged, cancelled or expired.

2.20 Other assets and other receivables

Other assets and other receivables are those that have fixed or determinable payments and that are not quoted in an active market and classified as financial assets at amortised cost. They are measured at amortised cost, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 Defined benefit plan

Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plan define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Defined benefit plan

Defined benefit plan

The Group operates a defined benefit plan known as The Mauritius Civil Service Mutual Aid Company Ltd Employees Superannuation and Pension Fund, the assets of which are held and administered separately. The plan is funded by payments from the Group taking into account the recommendations of independent qualified actuaries.

The liability recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flow using interest rates of high quality corporate or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligations.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements are accumulated in a separate reserve and will not be reclassified to profit or loss in a subsequent period.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising the current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

State plan

Contributions to the National Pension Scheme and Contribution Sociale Généralisée (CSG) are expensed to profit or loss in the period in which they fall due.

2.23 Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years but it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Corporate social responsibility (CSR)

Corporate social responsibility (CSR) was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Group is required for all its companies domiciled in Mauritius to allocate 2% of its chargeable income of the preceding financial year to government approved CSR NGOs. As from July 2017, following amendments to the Finance Act 2017, the Group is now required as from 01 January 2017 to 31 December 2018 to remit to the Director General at least 50% of the CSR contribution. After 01 January 2019, the Group is required to remit to the Director General at least 75% of the CSR contribution. This is recorded as part of income tax expense.

The applicable income tax rate in Mauritius is 15% (2022 :15%). An additional charge of 2% (2022 :2%) is applicable in respect of Corporate Social Responsibility.

2.24 Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Deferred Tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax relating to items recognised outside profit or loss are recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In accounting for the deferred tax relating to the lease, the Group considers both the lease asset and liability separately. The Group separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition, are equal and offset to zero. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

Deferred tax on investment properties

For the purpose of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the directors reviewed the Group's investment property portfolio and concluded that the subsidiary's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the subsidiary's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted for the subsidiary. As a result, the subsidiary has recognised deferred taxes on investment properties.

Deferred income taxes are calculated on all temporary differences under the liability method.

2.25 Leases

Group and Company as Lessee

The Group's leasing activities and how these are accounted for are described below.

The Group leases office premises and has leasehold rights on land. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

However, for leases of office premises for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Under IFRS 16, assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the Company under residual value guarantees.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (Continued)

Group and Company as Lessee (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the lease for the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-Use assets

The Group recognises Right-of-Use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Rights-of-Use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of Rights-of-Use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised Rights-of-Use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Rights-of-Use assets are subject to impairment.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the Group revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

<u>Short-term leases and low value assets</u>

The Group applies the short-term lease recognition exemption to its short-term leases of parking (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (Continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2.26 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if they have the ability, directly or indirectly, to control the Group and the Company or exercises significant influence over the Group and the Company in making financial and operating decisions, or vice versa, or if they and the Group and the Company are subject to common control. Related parties may be individuals or other entities.

2.27 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand with an original maturity of three months or less. Cash and cash equivalents are measured at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortised cost. Accounting policy for calculating allowance for credit losses is outlined under note 8.

2.28 Commitments

(i) *Operating lease arrangement where the Group and the Company is the lessor*

Assets leased out under operating leases are included in investment property in the statement of financial position. They are carried at fair value, representing open-market value determined annually by external valuers. Rental income is recognised in line with the relevant lease terms.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial years. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors' judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

(a) Going concern

Directors have made an assessment of the Group's and Company's ability to continue as going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, directors are not aware of any material uncertainties that may cast significant doubt upon the Company's and Group's ability to continue as a going concern. Hence, the financial statements continue to be prepared on the going concern basis.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Determination of functional currency

The determination of the functional currency of the Group is critical since the way in which every transaction is recorded and whether exchange differences arise are dependent on the functional currency selected. The directors have considered those factors therein and have determined the functional currency of the Group as Mauritian Rupees (MUR).

(c) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 2.8. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(d) Calculation of ECL allowance

Significant increase of credit risk: As explained in note 2.8, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differs.

Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

- When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical information, assumptions and expectations of future conditions.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Actual loss experience may differ from changes in estimated forward looking information and economic drivers.

The Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgements about the borrower's financial situation. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(e) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where observable data is not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated financial assets. Further details on the fair valuation of financial instruments are included in Note 2.8 to the financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(f) Leases

(i) Incremental Borrowing Rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects the rate the Group 'would be subject to', which requires either estimation when no observable rates are available or adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs which has been derived from average yield rates from Treasury Bills and Government Bonds issued by the Central Bank of Mauritius with adjustments made such as risk premium/credit spread to reflect the IBR. The IBR is derived individually for each lease based on the remaining tenure at the date of inception of the lease.

(ii) Lease term

The application of IFRS 16 requires significant judgements and certain key estimations. Critical judgements include determination of whether it is reasonably certain that an extension or termination option will be exercised. Key sources of estimation uncertainty in the application of IFRS 16 include estimation of the lease terms, determination of the appropriate rate to discount the lease payments and assessment of whether a right-of-use asset is impaired.

(g) Investment in associate

The Group has assessed the investment in Victoria Station Ltd to be an investment in associate based on existence of significant influence on the operations of the associate through representation of 2 directors on the board of Victoria Station Ltd.

(h) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair value at the reporting date. For the investment property, the valuer used a valuation technique based on a discounted cash flow model as there is a lack of comparable market data because of the nature of the property.

The determined fair value of the investment properties is most sensitive to the estimated yield and rentals. The key assumptions used to determine the fair value of the investment properties are explained in note 22.

(i) Fair value of funds

The actuarial valuation of the GBS and MSC Funds involves the use of significant estimates in respect of discount and mortality rate. Due to the long-term nature of these plans such estimates are subject to significant uncertainty.

(j) Pension Benefit Obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the cost to income for pensions include the discount and salary growth rates. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

(k) Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Company has met the recognition criterion. The directors measure the provision at the best estimate of the amount required to settle the obligation at the reporting date. Actual results may be different from their estimates.

In specific circumstances, significant judgement is required from directors to identify the financial effects to be disclosed attributable to the uncertainties inherent in contingent liabilities.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, namely credit risk, interest rate risk, liquidity risk and other risks as detailed below:

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk

The Group takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises principally from the Group's loans granted to members of the Company.

Such risk is managed through regular review of loan arrears, followed by appropriate actions taken by management. Exposure to credit risk is also managed by obtaining personal guarantee of at least one guarantor, depending on loan schemes. Furthermore, in case the loanees pass away, the loans are written off against the Mutual Solidarity Contribution. Given the nature of the Company's activities which is to lend to members who are civil servants, the loan instalments are deducted at source from the members' salaries and remitted to the Company by the respective employers, thereby limiting the risk of default to circumstances such as death, resignation or termination of the employment within the civil service. However, loans are granted to members only after assessing the repayment capacity of the latter as per the Group's policy.

Loss given default

Loss given default (LGD) is the magnitude of the likely loss if there is a default. The Group estimates the LGD parameters based on the history of loss of defaulted loans. The business model of the Group is such that it does not hold any major collateral except fixed deposits, retirement savings scheme, fixed/floating charge on assets of loanees and guarantors. In case of default, the monthly instalments are paid by the guarantors.

Probability of default

Probability of default (PD) is defined as the likelihood of default over a particular time horizon. The days past due is the primary input used to determine the probability of default.

(i) **Credit exposure**

The maximum exposure to credit risk at the end of the reporting period without taking into account of any collateral held or other credit enhancements as per below:

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Cash and cash equivalents	**1,051,656**	892,052	1,792,414	**1,011,216**	863,731	1,759,847
Loans and advances to members	**36,121,862**	35,144,441	34,622,488	**36,121,862**	35,144,441	34,622,488
Placements with bank and non-bank financial institutions	**509,208**	280,208	2,033,970	**509,208**	280,208	2,033,970
Financial assets at amortised cost	**3,961,296**	3,958,090	2,507,597	**3,961,296**	3,958,090	2,507,597
Other assets	**7,246**	6,691	3,356	**10,148**	5,128	2,149
	41,651,268	40,281,482	40,959,825	**41,613,730**	40,251,598	40,926,051

(ii) **Impairment assessment**

The following disclosures detail the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies and Note 8 to the financial statements.

Definition of default and cure

For the definition of default and cure, refer to Note 8 to the financial statements.

Internal credit rating

Loans and advances to members

The Group does not provide a risk rating to its customers at origination as due to its business model, loans are provided to public and parastatal employees which have similar risk. The Group receives payment at source, i.e monthly loan instalments are deducted by the employer which are remitted to the Group at each month end. Hence, credit grading is based on days past due as the Group believes that the credit risk deteriorates when the days past due rises.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(ii) Impairment assessment (Continued)

Internal credit rating (Continued)

Loans and advances to members (Continued)

The loan book and the days past due are closely monitored by management and credit rating are updated on a quarterly basis to reflect current information. The days past due is the primary input used to determine the probability of default.

The Group's internal credit grading are as follows:

Days past due	Internal rating grade
Performing	
0 – 30 days	High grade
31 – 89 days	Standard grade
Non - performing	
Above 90 days	Individually impaired

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the member's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and purchased or originated credit impaired (POCI) financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The EAD for 12mECL is the outstanding amount of the loan at the year end. The EAD for lifetime ECL are adjusted with loan monthly payments and interest accrued on a yearly basis.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when the days past due is more than 30 days and stress situation on specific sectors where employees are being made redundant or are opting for half pay or leave without pay.

Post model adjustments

For the portfolio of obligors operating in the airline sector, there was an increase in uncertainties with regards to debt recoverability as from July 01, 2020, which was accounted by a post model adjustment. Based on different risk drivers and scenario such as likelihood of potential redundancy, half pay or leave without pay; a mild (25%) and aggressive (75%) scenario was established resulting in Rs nil being booked as an overlay to the ECL allowance as at 30 June 2023 (30 June 2022: Rs. Nil, 30 June 2021: Rs. 59.9m).

Forward looking information

The use of forward-looking information is a key component of the ECL impairment approach. As per industry practices, the forward-looking information is usually embedded within the ECL parameters using quantitative methods. For Mutual Aid, a relationship is built using historical internal default rates and explanatory variables which is inclusive of macroeconomic variables using regression techniques. Prior to the use of macroeconomic variables which shall act as forward-looking triggers, both quantitative and qualitative aspects are considered and analysed.

The current macroeconomic variable which is being considered is unemployment rate. From a business perspective, unemployment rate is a major indicator of credit losses for a retail loan portfolio and likewise, quantitative parameters are also in line with the business views. As per IFRS 9 standard, Expected credit losses should be unbiased and probability-weighted using reasonable and supportable information that is available without undue cost or effort at the reporting date. As such, management has assigned weights to the following scenarios namely Baseline (40%), Downturn (30%) and Upturn (30%). The weightage assigned to the respective scenarios is based on a management insights with reference to external benchmark.

(iii) Credit concentration

Based on the business model of the Group, loans are provided to civil servants only and are disbursed subject to a 50% maximum deduction on gross salary. This reduces the credit concentration risk to a minimal level.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(iv) Collateral and other credit enhancements

The use of credit risk mitigants is an integral part of the credit risk management process and is documented in the Company's Credit Risk policy. The amount and type of collateral required depend on the members' credit quality and repayment capacity. The principal collateral types taken include:

- Fixed / floating charge on assets of members
- Pledge of deposits / RSS

For 2023, 2022 and 2021, there has been no loan and advances to customers for which the company has not recognised a loss allowance because of collaterals.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group uses an interest rate gap analysis to measure and monitor the interest rate risk.

The tables below summarise the Group's and Company's exposure to interest rate risks. It includes the Group's and Company's assets and liabilities at carrying amounts, categorised by either the earlier of contractual repricing or maturity dates. The 'within 1 year' column includes the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index change.

THE GROUP	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
As at June 30, 2023	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	**1,051,656**	**-**	**-**	**-**	**1,051,656**
Placements with bank and non-bank financial institutions *	**509,208**	**-**	**-**	**-**	**509,208**
Financial assets at amortised cost	**3,254,242**	**707,054**	**-**	**-**	**3,961,296**
Financial assets at fair value through profit or loss	**-**	**-**	**-**	**203,946**	**203,946**
Loans and advances	**36,027,834**	**3,440**	**90,588**	**-**	**36,121,862**
Other assets	**-**	**-**	**-**	**7,246**	**7,246**
	40,842,940	**710,494**	**90,588**	**211,192**	**41,855,214**
Liabilities					
Deposits	**20,259,073**	**-**	**-**	**-**	**20,259,073**
Interest bearing loans	**2,368,652**	**-**	**-**	**-**	**2,368,652**
Other liabilities	**256**	**856**	**18,978**	**223,709**	**243,799**
Funds	**2,009,863**	**-**	**1,676,398**	**53,423**	**3,739,685**
	24,637,844	**856**	**1,695,376**	**277,132**	**26,611,208**
Total interest repricing gap	**16,205,096**	**709,638**	**(1,604,788)**	**(65,940)**	**15,244,007**

* The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

THE GROUP	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
As at June 30, 2022	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	892,052	-	-	-	892,052
Placements with bank and non-bank financial	280,208	-	-	-	280,208
Financial assets at amortised cost	992,800	2,965,290	-	-	3,958,090
Financial assets at fair value through profit or loss	-	-	-	120,321	120,321
Loans and advances	35,058,640	4,063	81,738	-	35,144,441
Other assets	-	-	-	6,690	6,690
	37,223,700	2,969,353	81,738	127,011	40,401,801
Liabilities					
Deposits	22,185,369	14,944	4,473	-	22,204,786
Other liabilities	465	145	19,946	107,181	127,737
Funds	2,031,316	-	-	1,630,208	3,661,524
	24,217,150	15,089	24,419	1,737,389	25,994,047
Total interest repricing gap	13,006,550	2,954,264	57,319	(1,610,378)	14,407,754

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(iv) Collateral and other credit enhancements (Continued)

Interest rate risk (Continued)

The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and
* advances have been presented on table above.

THE GROUP As at June 30, 2021	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,792,414	-	-	-	1,792,414
Placements with bank and non-bank financial institutions *	1,771,233	262,737	-	-	2,033,970
Financial assets at amortised cost	498,860	2,008,737	-	-	2,507,597
Financial assets at fair value through profit or loss	-	-	-	77,475	77,475
Loans and advances	34,542,635	4,546	75,307	-	34,622,488
Other assets	-	-	-	3,355	3,355
	38,605,142	2,276,020	75,307	80,830	41,037,299
Liabilities					
Deposits	24,145,886	174,600	280	-	24,320,767
Interest bearing loans	-	-	-	-	-
Other liabilities	772	392	7,254	79,613	88,032
Funds	1,966,745	-	-	1,523,902	3,490,647
	26,113,403	174,992	7,534	1,603,515	27,899,446
Total interest repricing gap	12,491,739	2,101,027	67,773	(1,522,684)	13,137,853

* The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

THE COMPANY As at June 30, 2023	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	**1,011,216**	**-**	**-**	**-**	**1,011,216**
Placements with bank and non-bank financial institutions *	**509,208**	**-**	**-**	**-**	**509,208**
Financial assets at amortised cost	**3,254,242**	**707,054**	**-**	**-**	**3,961,296**
Financial assets at fair value through profit or loss	**-**	**-**	**-**	**203,946**	**203,946**
Loans and advances	**36,027,834**	**3,440**	**90,588**	**-**	**36,121,862**
Other assets	**-**	**-**	**-**	**10,148**	**10,148**
	40,802,500	**710,494**	**90,588**	**214,094**	**41,817,676**
Liabilities					
Deposits	**20,259,073**	**-**	**-**	**-**	**20,259,073**
Interest bearing loans	**2,368,652**	**-**	**-**	**-**	**2,368,652**
Other liabilities	**185**	**856**	**18,904**	**220,259**	**240,204**
Funds	**2,009,863**	**-**	**1,676,398**	**53,423**	**3,739,685**
	24,637,773	**856**	**1,695,302**	**273,682**	**26,607,614**
Total interest repricing gap	**16,164,727**	**709,638**	**(1,604,714)**	**(59,588)**	**15,210,062**

* The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Interest rate risk (Continued)

THE COMPANY	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
As at June 30, 2022	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets					
Cash and cash equivalents	863,731	-	-	-	863,731
Placements with bank and non-bank financial institutions *	280,208	-	-	-	280,208
Financial assets at amortised cost	992,800	2,965,290	-	-	3,958,090
Financial assets at fair value through profit or loss	-	-	-	120,321	120,321
Loans and advances	35,058,640	4,063	81,738	-	35,144,441
Other assets	-	-	-	5,127	5,127
	37,195,379	2,969,353	81,738	125,448	40,371,918
Liabilities					
Deposits	22,185,369	14,944	4,473	-	22,204,786
Other liabilities	396	-	19,946	103,568	123,910
Funds	2,031,316	-	-	1,630,207	3,661,523
	24,217,081	14,944	24,419	1,733,775	25,990,219
Total interest repricing gap	12,978,299	2,954,409	57,319	(1,608,327)	14,381,699

* The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

THE COMPANY	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
As at June 30, 2021	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets					
Cash and cash equivalents	1,759,847	-	-	-	1,759,847
Placements with bank and non-bank financial institutions *	1,771,233	262,737	-	-	2,033,970
Financial assets at amortised cost	498,860	2,008,737	-	-	2,507,597
Financial assets at fair value through profit or loss	-	-	-	77,475	77,475
Loans and advances	34,542,635	4,546	75,307	-	34,622,488
Other assets	-	-	-	2,149	2,149
	38,572,575	2,276,020	75,307	79,624	41,003,524
Liabilities					
Deposits	24,145,886	174,600	280	-	24,320,767
Other liabilities	6,322	87	6,846	80,292	93,546
Funds	1,966,745	-	-	1,523,902	3,490,647
	26,118,953	174,687	7,126	1,604,194	27,904,960
Total interest repricing gap	12,453,622	2,101,332	68,181	(1,524,569)	13,098,564

* The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Interest rate risk (Continued)

At June 30, 2023 2022 and 2021, if interest rates on floating interest bearing assets and liabilities had been 10 basis points higher/lower, with all other variables held constant, post-tax profit for the year would have been as follows:

	THE GROUP			THE COMPANY		
	Effect on post-tax profit	Effect on post-tax profit	Effect on post-tax profit	**Effect on post-tax**	Effect on post-tax profit	Effect on post-tax profit
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Effect of an increase in interest rate	**14,995**	12,156	10,368	**14,995**	12,156	10,337
Effect of a decrease in interest rate	**(14,995)**	(12,156)	(10,368)	**(14,995)**	(12,156)	(10,337)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Being a financial institution, the Group is subject to statutory obligations whereby it has to meet Bank of Mauritius requirements and also by availing credit facilities from banks.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the next two years.

The table below summarises the maturity profile of the Group's and Company's financial assets and liabilities based on contractual undiscounted payments.

THE GROUP	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
As at June 30, 2023	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets					
Cash and cash equivalents	**1,051,656**	**-**	**-**	**-**	**1,051,656**
Placements with bank and non-bank financial institutions	**513,412**	**-**	**-**	**-**	**513,412**
Financial assets at amortised cost	**3,303,720**	**716,514**	**-**	**-**	**4,020,234**
Loans and advances	**6,076,022**	**19,308,102**	**50,716,656**	**-**	**76,100,780**
Financial assets at fair value through profit or loss	**-**	**-**	**-**	**203,946**	**203,946**
Other assets*	**-**	**-**	**-**	**7,246**	**7,246**
	10,944,810	**20,024,616**	**50,716,656**	**211,192**	**81,897,274**
Liabilities					
Deposits from customers	**7,078,961**	**12,631,439**	**4,238,459**	**-**	**23,948,859**
Interest bearing loans	**545,765**	**2,155,508**	**-**	**-**	**2,701,273**
Other liabilities	**256**	**856**	**18,978**	**223,709**	**243,799**
Funds **	**176,072**	**297,355**	**3,178,045**	**1,729,821**	**5,381,293**
	7,801,054	**15,085,158**	**7,435,482**	**1,953,530**	**32,275,224**
Liquidity gap	**3,143,756**	**4,939,458**	**43,281,174**	**(1,742,338)**	**49,622,050**

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Liquidity risk (Continued)

THE GROUP	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
As at June 30, 2022	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**
Assets					
Cash and cash equivalents	892,052	-	-	-	892,052
Placements with bank and non-bank financial	281,817	-	-	-	281,817
Financial assets at amortised cost	1,053,316	3,020,234	-	-	4,073,550
Loans and advances	5,281,073	21,124,290	22,441,861	-	48,847,224
Financial assets at fair value through profit or loss***	-	-	-	120,321	120,321
Other assets*	-	-	-	6,690	6,690
	7,508,258	24,144,524	22,441,861	127,011	54,221,654
Liabilities					
Deposits from customers	6,824,397	13,511,479	2,863,195	-	23,199,071
Other liabilities	465	145	19,946	107,181	127,737
Funds **	180,335	289,817	2,343,832	1,630,207	4,444,191
	7,005,197	13,801,441	5,226,973	1,737,388	27,770,999
Liquidity gap	503,061	10,343,083	17,214,888	(1,610,377)	26,450,655

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

THE GROUP	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
As at June 30, 2021	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,792,414	-	-	-	1,792,414
Placements with bank and non-bank financial	1,793,622	281,904	-	-	2,075,526
Financial assets at amortised cost	515,716	2,052,282	-	-	2,567,997
Financial assets at fair value through profit or loss***	5,558,202	22,232,808	18,058,240	-	45,849,250
Loans and advances	-	-	-	77,475	77,475
Other assets*	-	-	-	3,355	3,355
	9,659,954	24,566,994	18,058,240	80,830	52,366,017
Liabilities					
Deposits from customers	6,234,035	16,724,197	2,064,346	-	25,022,578
Other liabilities	772	392	7,254	79,613	88,032
Funds	216,496	316,142	2,694,595	1,523,903	4,751,137
	6,451,303	17,040,731	4,766,195	1,603,516	29,861,747
Liquidity gap	3,208,651	7,526,263	13,292,045	(1,522,684)	22,504,270

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Liquidity risk (Continued)

THE GROUP (Continued)

As at June 30, 2021 (Continued)

* Other assets exclude advance payment and prepayments.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

THE COMPANY	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
As at June 30, 2023	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,011,216	-	-	-	1,011,216
Placements with bank and non-bank financial institutions	513,412	-	-	-	513,412
Financial assets at amortised cost	3,303,720	716,514	-	-	4,020,234
Loans and advances	6,076,022	19,308,102	50,716,656	-	76,100,780
Financial assets at fair value through profit or loss ***	-	-	-	203,946	203,946
Other assets*	-	-	-	10,148	10,148
	10,904,370	20,024,616	50,716,656	214,094	81,859,736
Liabilities					
Deposits from customers	7,078,961	12,631,439	4,238,459	-	23,948,859
Interest bearing loans	545,765	2,155,508	-	-	2,701,273
Other liabilities	185	856	18,904	220,259	240,204
Funds **	176,072	297,355	3,178,045	1,729,821	5,381,293
	7,800,983	15,085,158	7,435,408	1,950,080	32,271,629
Liquidity gap	3,103,387	4,939,458	43,281,248	(1,735,986)	49,588,107

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Liquidity risk (Continued)

THE COMPANY	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
As at June 30, 2022	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	863,731	-	-	-	863,731
Placements with bank and non-bank financial	281,817	-	-	-	281,817
Financial assets at amortised cost	1,053,316	3,020,234	-	-	4,073,550
Loans and advances	5,281,073	21,124,290	22,441,861	-	48,847,224
Financial assets at fair value through profit or loss ***	-	-	-	120,321	120,321
Other assets*	-	-	-	5,127	5,127
	7,479,937	24,144,524	22,441,861	125,448	54,191,770
Liabilities					
Deposits from customers	6,824,397	13,511,479	2,863,195	-	23,199,071
Other liabilities	396	-	19,946	103,568	123,910
Funds **	180,335	289,817	2,343,832	1,630,207	4,444,191
	7,005,128	13,801,296	5,226,973	1,733,775	27,767,172
Liquidity gap	474,809	10,343,228	17,214,888	(1,608,327)	26,424,598

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

THE COMPANY	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
As at June 30, 2021	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,759,847	-	-	-	1,759,847
Placements with bank and non-bank financial	1,793,622	281,904	-	-	2,075,526
Financial assets at amortised cost	515,716	2,052,282	-	-	2,567,997
Loans and advances	5,558,202	22,232,808	18,058,240	-	45,849,250
Financial assets at fair value through profit or loss ***	-	-	-	77,475	77,475
Other assets*	-	-	-	2,149	2,149
	9,627,387	24,566,994	18,058,240	79,624	52,332,244
Liabilities					
Deposits from customers	6,234,035	16,724,197	2,064,346	-	25,022,578
Other liabilities	6,322	87	6,846	80,292	93,546
Funds **	216,496	316,142	2,694,595	1,523,903	4,751,137
	6,456,853	17,040,426	4,765,787	1,604,195	29,867,260
Liquidity gap	3,170,534	7,526,568	13,292,453	(1,524,570)	22,464,985

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Liquidity risk (Continued)

* Other assets exclude advance payment and prepayments.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

Currency risk

As at June 30, 2023, the Group had financial assets denominated in US dollars with respect to accounts held with local commercial banks amounting to Rs. 75,736(2022: Rs. 72,612 and 2021: Rs. 70,069).

Sensitivity analysis

At June 30, 2023, 2022 and 2021, if the USD had weakened/strengthened by 5% against the MUR with all variables held constant, post-tax profit and equity of the Company would have as follows:

		THE GROUP			THE COMPANY		
	Increase / (decrease) in foreign exchange rate	Effect on post-tax profit and equity 2023	Effect on post-tax profit and equity 2022	Effect on post-tax profit and equity 2021	Effect on post-tax profit and equity 2023	Effect on post-tax profit and equity 2022	Effect on post-tax profit and equity 2021
Currency		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
MUR in relation to USD	+5%	4	4	3	4	4	3
MUR in relation to USD	-5%	(4)	(4)	(3)	(4)	(4)	(3)

4.2 Other risks

Compliance risk

Compliance risk is the risk that the Group fails to comply with existing statutory and compliance regulations, thereby impacting adversely on the Group's financial position and reputation. This is managed through continuous review of systems in place, adherence to group's procedure manuals and assignment of the compliance department independent of the normal course of transactions. The Compliance Department is well structured with qualified staffs. The department ensures that the activities carried out are in conformity with the laws, regulations, and guidelines governing the banking sector and with the principles of good governance. Any departure is reported to the Audit and Corporate Governance Committee.

Operational risk management

Operational risk is the risk of financial loss and business instability arising from failures in internal controls, operational processes or other supporting systems.

It is understood that such risks cannot be entirely eliminated and the cost of controls in minimising these risks may outweigh the potential benefits. As part of the implementation of the Group's risk strategy, independent checks on risk issues are undertaken by the Internal Audit unit.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Other risks (Continued)

Legal risk

Legal risk is the risk that the business activities of the Group have unintended or unexpected consequences. It includes risk arising from:

- Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- Actual or potential violations of laws or regulations (including activities unauthorised for the financial institution and which attract a civil or criminal fine or penalty);
- Failure to protect the Group's property;
- The possibility of civil claims (including acts or other events which may lead to litigation or other disputes).

The Group identifies and manages legal risk through its legal advisers.

Reputational risk

The Group considers management of reputation as crucial for maintenance of value advantage and it defines reputation as an intangible asset greater than brand. The Group is aware that reputation is affected when something is done that causes stakeholders to lose trust in an organisation. The Group manages reputation risk through:

- Effective framework of prudential management and good governance;
- Efficient communications with all stakeholders;
- Effective Media management; and
- Timely and effective operational response.

4.3 Capital risk management

The Group's objectives when managing capital are:

- to comply with the capital requirements set by the Bank of Mauritius and Banking Act 2004,
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for members and benefits for other members, and
- to provide an adequate return to members by adjusting interest rates commensurately with the level of risk.

The Group monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt to capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity.

The target level of debt to capital ratio is 10 times . However, given the high level of capital adequacy ratio of the Group, the debt to equity is relatively low, which testifies the financial strength of the Group. Taking into consideration the business model of the Group and the relatively low level of default, the risk of a high debt to equity is remote. Nevertheless, the Group is constantly monitoring its level of debt so as to maintain it at a level less than 10 times (as shown below). As regards to the capital adequacy ratio, the minimum required is 10 %, whereas for the period under review, the Group has maintained a capital adequacy ratio of approximately 78% (2022: 76%, 2021: 67%) which is within the minimum requirements.

The debt-to-capital ratios at June 30, 2023, at June 30, 2022 and at June 30, 2021 were as follows:

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Total debt	**26,702,230**	26,220,173	28,096,219	**26,698,634**	26,216,350	28,102,540
Less: cash and cash equivalents	**(1,049,252)**	(890,129)	(1,792,414)	**(1,008,858)**	(861,808)	(1,759,847)
Net debt	**25,652,978**	25,330,044	26,303,805	**25,689,776**	25,354,541	26,342,694
Total equity	**15,893,362**	14,528,161	13,143,861	**15,869,581**	14,526,259	13,151,726
Debt-to-capital ratio	**1.61:1**	1.74:1	2:1	**1.62:1**	1.75:1	2:1

4.4 Fair value estimation

All the financial instruments approximate their fair values, except where otherwise stated.

5. CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT

The table below shows an analysis of assets and liabilities classified between current and non-current.

	THE GROUP		
As at June 30, 2023	**Current**	**Current**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Assets			
Cash and cash equivalents	**1,049,252**	**-**	**1,049,252**
Loans and advances to members	**151,675**	**35,282,956**	**35,434,631**
Placements with bank and non-bank financial institutions	**507,138**	**-**	**507,138**
Financial assets at amortised cost	**3,246,920**	**705,463**	**3,952,383**
Financial assets at fair value through profit or loss	**203,946**	**-**	**203,946**
Property, equipment and right of use assets		**311,394**	**311,394**
Intangible assets		**10,353**	**10,353**
Investment in Associates		**134,481**	**134,481**
Investment property		**533,469**	**533,469**
Deferred tax assets		**95,611**	**95,611**
Other assets	**362,934**	**-**	**362,934**
	5,521,865	**37,073,727**	**42,595,592**
Liabilities			
Deposits from customers	**6,028,896**	**14,230,177**	**20,259,073**
Interest bearing loans	**429,283**	**1,939,369**	**2,368,652**
Current tax liabilities	**83,156**	**-**	**83,156**
Funds	**169,056**	**3,570,629**	**3,739,685**
Pension benefit obligations	**-**	**5,612**	**5,612**
Other liabilities	**135,164**	**110,888**	**246,052**
	6,845,555	**19,856,675**	**26,702,230**

	THE GROUP		
As at June 30, 2022	**Current**	**Non-Current**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Assets			
Cash and cash equivalents	890,129	-	890,129
Loans and advances to members	173,454	34,250,558	34,424,012
Placements with bank and non-bank financial institutions	279,173	-	279,173
Financial assets at amortised cost	990,565	2,958,618	3,949,184
Financial assets at fair value through profit or loss	120,321	-	120,321
Property, equipment and right of use assets	-	250,945	250,945
Intangible assets	-	23,107	23,107
Investment in Associates	-	88,312	88,312
Investment Property	-	531,569	531,569
Deferred tax assets	-	113,297	113,297
Other assets	78,285	-	78,285
	2,531,927	38,216,407	40,748,334
Liabilities			
Deposits from customers	6,436,765	15,768,021	22,204,786
Current tax liabilities	66,524	-	66,524
Funds	210,678	3,450,845	3,661,523
Pension benefit obligations	-	47,562	47,562
Other liabilities	143,427	96,352	239,779
	6,857,394	19,362,780	26,220,174

5. CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT (CONTINUED)

	THE GROUP		
As at June 30, 2021	Current	Non-Current	Total
	Rs'000	Rs'000	Rs'000
Assets			
Cash and cash equivalents	1,792,414	-	1,792,414
Loans and advances to members	2,886,027	30,656,855	33,542,883
Placements with bank and non-bank financial institutions	1,764,384	261,715	2,026,098
Financial assets at amortised cost	498,860	2,007,157	2,506,017
Financial assets at fair value through profit or loss	-	77,475	77,475
Property, equipment and right of use assets	-	300,491	300,491
Intangible assets	-	36,404	36,404
Investment property	-	98,113	98,113
Current tax receivable	-	624,017	624,017
Deferred tax assets	-	163,483	163,483
Other assets	72,685	-	72,685
	7,014,369	34,225,711	41,240,080
Liabilities			
Deposits from customers	6,060,851	18,259,916	24,320,767
Current tax liabilities	83,279	-	83,279
Funds	209,276	3,281,371	3,490,647
Pension benefit obligations	6,070	40,578	46,648
Other liabilities	80,385	74,494	154,879
	6,439,861	21,656,358	28,096,220

	THE COMPANY		
As at June 30, 2023	Current	Non-Current	Total
	Rs'000	Rs'000	Rs'000
Assets			
Cash and cash equivalents	**1,008,858**	**-**	**1,008,858**
Loans and advances to members	**151,675**	**35,282,956**	**35,434,631**
Placements with bank and non-bank financial institutions	**507,138**	**-**	**507,138**
Financial assets at amortised cost	**3,246,920**	**705,463**	**3,952,383**
Financial assets at fair value through profit or loss	**203,946**	**-**	**203,946**
Investment in subsidiary	**-**	**433,802**	**433,802**
Property, equipment and right of use assets		**158,222**	**158,222**
Intangible assets		**10,352**	**10,352**
Investment in Associates		**134,481**	**134,481**
Investment property		**247,984**	**247,984**
Deferred tax assets		**112,271**	**112,271**
Other assets	**364,147**	**-**	**364,147**
	5,482,684	**37,085,531**	**42,568,215**
Liabilities			
Deposits from customers	**6,028,896**	**14,230,177**	**20,259,073**
Interest bearing loans	**429,283**	**1,939,369**	**2,368,652**
Current tax liabilities	**83,158**	**-**	**83,158**
Funds	**169,056**	**3,570,629**	**3,739,685**
Pension benefit obligations	**-**	**5,612**	**5,612**
Other liabilities	**131,639**	**110,815**	**242,454**
	6,842,032	**19,856,602**	**26,698,634**

5. CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT (CONTINUED)

	THE COMPANY		
As at June 30, 2022	**Current**	**Non-Current**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Assets			
Cash and cash equivalents	861,808	-	861,808
Loans and advances to members	173,454	34,250,558	34,424,012
Placements with bank and non-bank financial institutions	279,173	-	279,173
Financial assets at amortised cost	990,565	2,958,618	3,949,184
Financial assets at fair value through profit or loss	120,321	-	120,321
Investment in subsidiary	-	433,802	433,802
Property, equipment and right of use assets	-	114,340	114,340
Intangible assets	-	22,993	22,993
Investment in associates	-	88,312	88,312
Investment property	-	248,106	248,106
Deferred tax assets	-	125,703	125,703
Other assets	74,855	-	74,855
	2,500,176	38,242,432	40,742,609
Liabilities			
Deposits from customers	6,436,765	15,768,021	22,204,786
Current tax liabilities	66,526	-	66,526
Funds	210,678	3,450,845	3,661,523
Pension benefit obligations	-	47,562	47,562
Other liabilities	139,745	96,207	235,952
	6,853,714	19,362,635	26,216,349

	THE COMPANY		
As at June 30, 2021	**Current**	**Non-Current**	**Total**
Assets	**Rs'000**	**Rs'000**	**Rs'000**
Cash and cash equivalents	1,759,847	-	1,759,847
Loans and advances to members	2,886,027	30,656,855	33,542,883
Placements with bank and non-bank financial institutions	1,764,384	261,715	2,026,098
Financial assets at amortised cost	498,860	2,007,157	2,506,017
Financial assets at fair value through profit or loss	-	77,475	77,475
Investment in subsidiary	-	433,802	433,802
Property, equipment and right of use assets	-	160,274	160,274
Intangible assets	-	36,177	36,177
Investment in Associates	-	98,113	98,113
Investment property	-	368,129	368,129
Deferred tax assets	-	174,682	174,682
Other assets	70,770	-	70,770
	6,979,888	34,274,379	41,254,268
Liabilities			
Deposits from customers	6,060,851	18,259,916	24,320,767
Current tax liabilities	84,087	-	84,087
Funds	209,276	3,281,371	3,490,647
Pension benefit obligations	6,070	40,578	46,648
Other liabilities	86,613	73,779	160,393
	6,446,897	21,655,644	28,102,541

6. NET INTEREST INCOME

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Interest income			
Placements and bank balances	**13,334**	43,440	99,829
Loans and advances to members	**3,059,258**	2,458,082	2,429,490
Financial assets at amortised cost (Note 17)	**60,978**	44,494	33,621
Total interest income	**3,133,570**	2,546,016	2,562,940
Interest expense			
Deposits from customers	**(933,071)**	(665,702)	(725,553)
Interest on MSC Fund (Note 26b)	**(70,849)**	-	-
Interest on loans (Note 25)	**(63,268)**	-	-
Interest on retirement savings scheme (Note 26c)	**(48,674)**	(47,333)	(65,048)
Total interest expense	**(1,115,861)**	(713,035)	(790,601)
Net interest income	**2,017,709**	1,832,981	1,772,339

7. OTHER INCOME

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Management fee	**923**	982	1,055	**3,531**	3,590	3,664
Penalty fee on early withdrawal of deposits	**3,807**	4,027	4,429	**3,808**	4,027	4,428
Dividend Income	**7,924**	2,872	1,230	**7,924**	2,872	1,230
Miscellaneous Income	**3,491**	3,038	1,086	**3,491**	3,038	1,184
	16,145	10,919	7,800	**18,754**	13,527	10,506

8. NET CREDIT LOSS (EXPENSE)/RELEASE ON FINANCIAL ASSETS

	THE GROUP			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents (note 13)	**481**	**-**	**-**	**481**
Loans and advances to members (note 14 (b))	**(15,751)**	**(9,016)**	**113,455**	**88,688**
Placements with bank and non-bank financial institutions (note 16)	**1,035**	**-**	**-**	**1,035**
Financial assets at amortised cost (note 17)	**7**	**-**	**-**	**7**
Total provision release under IFRS 9	**(14,228)**	**(9,016)**	**113,455**	**90,211**

	THE COMPANY			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents (note 13)	**435**	**-**	**-**	**435**
Loans and advances to members (note 14 (b))	**(15,751)**	**(9,016)**	**113,455**	**88,688**
Placements with bank and non-bank financial institutions (note 16)	**1,035**	**-**	**-**	**1,035**
Financial assets at amortised cost (note 17)	**7**	**-**	**-**	**7**
Total provision release under IFRS 9	**(14,274)**	**(9,016)**	**113,455**	**90,166**

	THE GROUP AND THE COMPANY			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents (note 13)	1,923	-	-	1,923
Loans and advances to members (note 14 (b))	(227,658)	(13,716)	(80,772)	(322,146)
Placements with bank and non-bank financial institutions (note 16)	(6,837)	-	-	(6,837)
Financial assets at amortised cost (note 17)	7,326	-	-	7,326
Total provision release under IFRS 9	(225,246)	(13,716)	(80,772)	(319,734)

8. NET CREDIT LOSS (EXPENSE)/RELEASE ON FINANCIAL ASSETS (CONTINUED)

	THE GROUP AND THE COMPANY			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Loans and advances to members (note 14 (b))	(106,821)	(39,084)	145,975	70
Placements with bank and non-bank financial	(3,701)	-	-	(3,701)
Financial assets at amortised cost (note 17)	(574)	-	-	(574)
Total credit loss expense under IFRS 9	(111,096)	(39,084)	145,975	(4,205)

9. PERSONNEL EXPENSES

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Wages and salaries	**128,752**	109,813	98,444
Social security obligations	**5,379**	5,624	4,237
Pension costs - defined benefit plans (note 27(iv))	**17,660**	17,394	18,575
	151,791	132,831	121,256

10. OTHER EXPENSES

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Printing, postage and stationery	**9,033**	7,851	8,779	**9,033**	7,851	8,779
Electricity and telephone	**14,626**	12,213	13,042	**12,868**	10,446	11,478
Security services	**5,189**	5,156	4,608	**2,108**	1,892	1,685
Legal and professional fees	**8,896**	8,896	10,406	**7,537**	6,666	9,913
Licences, rates and insurance	**5,523**	4,609	3,944	**4,816**	4,245	3,187
Repairs and maintenance	**31,471**	32,984	53,843	**25,874**	29,078	48,760
Penalty paid to regulator	**2,216**	(1)	500	**2,216**	-	500
Director fees and training costs	**10,866**	6,263	6,973	**8,987**	5,327	6,027
Bank charges	**2,165**	1,714	1,594	**2,155**	1,705	1,585
Interest expense on lease liabilities (Note 28)	**1,376**	1,660	618	**1,372**	1,713	1,113
Miscellaneous expenses	**39,384**	21,228	20,454	**52,221**	29,255	21,315
	130,745	102,573	124,761	**129,187**	98,178	114,342

Miscellaneous expenses relate to cleaning expenses, syndic fees, sundry expenses, unrealised exchange difference and motor vehicle expenses.

11. TAXATION

11a. INCOME TAX EXPENSE

Statement of profit or loss	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Income tax expense						
Current tax expense	**252,398**	262,248	223,836	**252,398**	262,248	223,836
Corporate social responsibility	**23,866**	5,662	29,845	**23,866**	5,662	29,845
Under/(Over) provision of income tax expense	**24,665**	(26,222)	4,094	**24,665**	(27,029)	4,094
Effect of change in tax rate	**-**	-	(156,323)	**-**	-	(156,323)
Deferred tax movement	**14,495**	48,227	6,233	**10,876**	47,020	3,451
	315,424	289,914	107,684	**311,808**	287,901	104,902

11. TAXATION (CONTINUED)

11a. INCOME TAX EXPENSE (CONTINUED)

The taxes on the Company's profits before tax differ from the theoretical amounts that would arise using the basic tax rate of the Company are as follows:

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Profit before tax	**1,713,024**	1,709,447	1,515,410	**1,687,529**	1,697,667	1,493,435
Tax calculated at a tax rate year at 17% (2022: 17% and 2021: 17%)	**291,214**	290,606	257,620	**286,880**	288,603	253,884
Tax effect on:						
Income not subject to tax	**(15,283)**	(5,342)	(5,114)	**(14,289)**	(2,682)	(2,828)
Expenses not deductible for tax purposes	**3,595**	29,437	8,007	**3,036**	29,216	6,076
Under/ (over) provision of income tax	**24,665**	(26,222)	4,094	**24,665**	(27,029)	4,094
Over provision for deferred tax	**940**	-	(599)	**940**	-	
Tax Rate Differential	**10,292**	1,435	-	**10,575**	(207)	-
Effect of change in tax rate from 3.4% to 17% on deferred tax as from July 01, 2020	**-**	-	(156,323)	**-**	-	(156,323)
	315,424	289,914	107,684	**311,808**	287,901	104,902

For the financial year 2023, 2022, and 2021 income not subject to tax includes surplus in valuation of funds.

Statement of financial position

Current tax liabilities

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
At July, 1	**66,524**	83,279	(26,956)	**66,526**	84,087	(25,949)
Income tax provision for the year	**252,398**	262,248	223,836	**252,398**	262,248	223,836
Corporate social responsibility contribution	**23,866**	5,662	29,845	**23,866**	5,662	29,845
Under/(Over) provision of income tax expense	**24,665**	(26,222)	4,094	**24,665**	(27,029)	4,094
Income tax refund	**-**	-	41,338		-	41,138
Income tax paid	**(284,297)**	(258,442)	(188,878)	**(284,297)**	(258,442)	(188,878)
At June, 30	**83,156**	66,524	83,279	**83,158**	66,526	84,087

The applicable income tax rate in Mauritius is 15% (2022: 15% and 2021: 15%). A charge of 2% is applicable in respect of Corporate Social Responsibility as mentioned above in the accounting policy. The Income Tax Act has been amended by the Finance (Miscellaneous Provisions) Act 2018 so that 80 % of interest income derived by a company resident in Mauritius is exempted from tax. The CSR charge has remained unchanged so that 2% of the preceeding year chargeable income should be paid.

11b. DEFERRED TAX

Deferred taxes are calculated on all temporary differences under the liability method at the rate of 17% (2021: 17%, 2020: 17%).

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
At July 1,	**113,298**	163,484	30,664	**125,703**	174,682	39,081
Impact on adoption of IFRS 9		-	-	**-**	-	-
Credited/(Debited) to profit or loss (Note	**(15,131)**	(48,227)	150,092	**(10,876)**	(47,020)	152,873
(Debited)/Credited to other comprehensive income	**(2,556)**	(1,959)	(17,272)	**(2,556)**	(1,959)	(17,272)
At June 30,	**95,612**	113,298	163,484	**112,271**	125,703	174,682

11b. DEFERRED TAX (CONTINUED)

There is a legally enforceable right to offset current tax assets against current tax liabilites and deferred tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Deferred tax liabilities	**(16,661)**	(12,406)	(11,199)	**-**	-	-
Deferred tax assets	**112,271**	125,703	174,683	**112,271**	125,703	174,682
	95,611	113,297	163,484	**112,271**	125,703	174,682
Accelerated capital allowance/ depreciation	**(21,224)**	(5,628)	(23,747)	**(5,512)**	(6,267)	(11,488)
Pension benefit obligations	**954**	8,086	7,930	**954**	8,086	7,930
Provision for credit impairment	**116,822**	123,885	178,240	**116,829**	123,885	178,240
Tax losses	**1,022**	(11,910)	1,061	**-**	-	-
Fair Value of Buildings	**(1,962)**	(1,135)	-	**-**	-	-
	95,611	113,297	163,484	**112,271**	125,704	174,682

12. EARNINGS PER SHARE

	THE GROUP		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Profit for the year	**1,397,600**	1,419,533	1,407,724
Weighted average number of shares	**1,820**	1,845	1,871
Effective number of shares	**1,820**	1,845	1,871
Earnings per share -basic and diluted	**0.78**	0.84	0.75

13. CASH AND CASH EQUIVALENTS

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Cash in hand	**24**	9	16	**24**	9	16
Balances with commercial banks	**1,051,632**	892,043	1,792,398	**1,011,192**	863,722	1,759,831
	1,051,656	892,052	1,792,414	**1,011,216**	863,731	1,759,847
Less: Allowance for credit losses (note 8)	**(2,403)**	(1,923)	-	**(2,358)**	(1,923)	-
	1,049,252	890,129	1,792,414	**1,008,858**	861,808	1,759,847

The carrying amount of the Group's and the Company's cash and cash equivalents are denominated in the following currencies:

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Mauritian Rupee	**1,049,177**	890,057	1,792,343	**1,008,782**	861,736	1,759,777
US Dollar	**76**	72	70	**76**	72	70
	1,049,252	890,129	1,792,414	**1,008,858**	861,808	1,759,847

14. LOANS AND ADVANCES TO MEMBERS

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Members - loans	**36,436,802**	35,441,271	34,901,612
Deferred processing fee	**(314,940)**	(296,830)	(279,124)
Less allowances for credit losses	**(687,231)**	(720,429)	(1,079,605)
	35,434,631	34,424,012	33,542,883

Deferred processing fee relates to fees received on disbursement of loans that have been amortised over the term of the loan.

(a) Remaining terms to maturity

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Members - loans			
Up to 3 months	**71,894**	86,417	66,549
Over 3 months and up to 6 months	**19,947**	41,126	20,526
Over 6 months and up to 12 months	**119,231**	131,697	80,042
Over 1 year and up to 5 years	**3,850,566**	3,977,945	6,059,461
Over 5 years	**32,060,224**	30,907,256	28,395,910
	36,121,862	35,144,441	34,622,488
Less allowance for credit losses	**(687,231)**	(720,429)	(1,079,605)
	35,434,631	34,424,012	33,542,883

(b) Allowances for credit losses

The Group records allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

Reconciliation of movement in credit loss allowance	**THE GROUP AND THE COMPANY**
	Rs'000
At July 1, 2020	1,038,949
Charge for the year (Note 8)	70
Charge for the year (Note 26(b)) *	40,586
At June 30, 2021	1,079,605
Charge for the year (Note 8)	(322,146)
Charge for the year (Note 26(b)) *	(36,900)
Other Adjustments	(130)
At June 30, 2022	**720,429**
Charge for the year (Note 8)	**88,688**
Charge for the year (Note 26(b)) *	**(69,909)**
Loan written off	**(51,978)**
At June 30, 2023	**687,231**

* This relates to provision charged against the Mutual Solidarity Contribution for deceased clients.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit grading system and year-end stage classification. The amounts presented are gross of credit loss allowances. Details of the Group's internal grading system are explained in Note 2.8 and policies on ECL allowances are set out in Note 8.

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

	June 30, 2023			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	34,726,256	-	-	34,726,256
Standard grade	-	325,825	-	325,825
Non-performing				
Individually impaired	-	-	1,069,780	1,069,780
Total	34,726,256	325,825	1,069,780	36,121,862

	June 30, 2022			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	33,234,440	-	-	33,234,440
Standard grade	-	664,746	-	664,746
Non-performing				
Individually impaired	-	-	1,245,255	1,245,255
Total	33,234,440	664,746	1,245,255	35,144,441

	June 30, 2021			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	32,494,518	-	-	32,494,518
Standard grade	-	679,691	-	679,691
Non-performing				-
Individually impaired	-	-	1,448,278	1,448,278
Total	32,494,518	679,691	1,448,278	34,622,488

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Gross carrying amount as at July 1, 2022	33,234,440	664,746	1,245,255	35,144,441
New assets originated or purchased	6,363,812	35,369	23,509	6,422,689
Loan repayments	(7,703,245)	(402,488)	(135,021)	(8,240,755)
Interest accrued	2,893,001	57,867	108,391	3,059,258
Transfers to Stage 1	64,012	(38,232)	(25,779)	-
Transfers to Stage 2	(6,307)	15,085	(8,778)	-
Transfers to Stage 3	(14,641)	(1,081)	15,722	-
Amounts written off on deceased and bad debts	(104,815)	(5,438)	(153,518)	(263,771)
At June 30, 2023	34,726,255	325,824	1,069,780	36,121,862

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2021	32,494,518	679,691	1,448,278	34,622,488
New assets originated or purchased	7,555,942	108,419	45,824	7,710,185
Loan repayments	(9,294,115)	(87,374)	(11,321)	(9,392,810)
Interest accrued	2,324,406	46,493	87,088	2,457,987
Transfers to Stage 1	311,872	(112,647)	(199,225)	-
Transfers to Stage 2	(21,031)	30,560	(9,529)	-
Transfers to Stage 3	13,991	3,687	(17,678)	-
Changes to contractual cash flows due to modifications not resulting in derecognition				-
Amounts written off	(151,144)	(4,084)	(98,182)	(253,409)
At June 30, 2022	33,234,440	664,746	1,245,255	35,144,441

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2020	30,823,859	750,058	1,340,825	32,914,741
New assets originated or purchased	11,066,785	221,188	98,049	11,386,022
Loan repayments	(11,417,125)	(275,313)	(266,179)	(11,958,617)
Interest accrued	2,284,600	52,033	92,858	2,429,490
Transfers to Stage 1	452,007	(281,602)	(170,405)	-
Transfers to Stage 2	(201,357)	292,853	(91,496)	-
Transfers to Stage 3	(410,486)	(73,958)	484,444	-
Changes to contractual cash flows due to modifications not resulting in derecognition				-
Amounts written off	(103,765)	(5,567)	(39,816)	(149,149)
At June 30, 2021	32,494,518	679,691	1,448,278	34,622,488

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2022	**168,106**	**18,141**	**534,182**	**720,429**
New assets originated or purchased	**29,217**	**1,046**	**11,612**	**41,875**
Movement through MSF (Note 26(b))			**(69,909)**	**(69,909)**
Assets derecognised or repaid (excluding write offs)	**(15,303)**	**(957)**	**(58,193)**	**(74,453)**
Transfers to Stage 1	**27,937**	**(11,455)**	**(16,483)**	-
Transfers to Stage 2	**(4,119)**	**6,498**	**(2,379)**	-
Transfers to Stage 3	**(104,375)**	**(21,262)**	**125,637**	**(0)**
Re-measurement of year end ECL	**51,448**	**17,208**	**148,420**	**217,076**
Amounts written off	**(557)**	**(93)**	**(147,137)**	**(147,787)**
At June 30, 2023	**152,355**	**9,125**	**525,750**	**687,231**

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

	Stage 1 Individual Rs'000	Stage 2 Individual Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance as at July 1, 2021	360,203	23,252	696,150	1,079,605
New assets originated or purchased	39,086	3,766	6,673	49,525
Movement through MSF (Note 26(b))	-	-	(36,900)	(36,900)
Assets derecognised or repaid (excluding write offs)	(148)	(4,601)	(41,766)	(46,515)
Transfers to Stage 1	95,047	(10,726)	(84,321)	-
Transfers to Stage 2	(43,351)	146,761	(103,411)	-
Transfers to Stage 3	(34,304)	(8,552)	42,856	-
Re-measurement of year end ECL	(201,301)	(128,557)	147,217	(182,642)
Amounts written off	(47,125)	(3,202)	(92,316)	(142,644)
At June 30, 2022	168,106	18,141	534,182	720,429

	Stage 1 Individual Rs'000	Stage 2 Individual Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance as at July 1, 2020	467,024	62,337	509,589	1,038,949
New assets originated or purchased	110,511	9,189	22,256	141,957
Movement through MSF (Note 26(b))	-	-	40,586	40,586
Assets derecognised or repaid (excluding write offs)	(88,414)	(14,373)	(14,351)	(117,138)
Transfers to Stage 1	40,597	(23,392)	(17,205)	-
Transfers to Stage 2	(3,734)	14,038	(10,304)	-
Transfers to Stage 3	(17,461)	(4,908)	22,368	-
Re-measurement of year end ECL	(146,881)	(19,210)	148,086	(18,006)
Amounts written off	(1,439)	(428)	(4,876)	(6,743)
At June 30, 2021	360,203	23,252	696,150	1,079,605

15. INVESTMENT IN SUBSIDIARY

	THE COMPANY		
	2023	2022	2021
<u>At Cost</u>	**Rs'000**	Rs'000	Rs'000
Investment in susbidiary	**433,802**	433,802	433,802

The Company's subsidiary is MCS Property and details as follows:

	Class of shares held	Share capital	Year end	Proportion of direct ownership interest	Place of business and country of incorporation	Main business
Investment in subsidiary	Ordinary	433,802,000	30 June	100%	Mauritius	Managing of idle office space

16. PLACEMENTS WITH BANK AND NON-BANK FINANCIAL INSTITUTIONS

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Placements	**509,208**	280,208	2,033,970
Less: allowance for credit losses	**(2,070)**	(1,035)	(7,872)
	507,138	279,173	2,026,098

Placements with bank and non-bank financial institutions are unquoted and are denominated in the following currencies:

	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Mauritian Rupee	**509,208**	280,208	2,033,970

Credit loss allowance for placements with bank and non-bank financial institutions

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit grading system and year-end stage classification. The amounts presented are gross of credit loss allowances. Details of the Group's internal grading system and whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.8.

	THE GROUP AND THE COMPANY			
	June 30, 2023			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	**509,208**	-	-	**509,208**
Standard grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	**509,208**	-	-	**509,208**

	THE GROUP AND THE COMPANY			
	June 30, 2022			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	280,208	-	-	280,208
Standard grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	280,208	-	-	280,208

	THE GROUP AND THE COMPANY			
	June 30, 2021			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	2,033,970	-	-	2,033,970
Standard grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	2,033,970	-	-	2,033,970

16. PLACEMENTS WITH BANK AND NON-BANK FINANCIAL INSTITUTIONS (CONTINUED)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2022	**280,208**	-	-	**280,208**
New assets originated or purchased	**500,000**	-	-	**500,000**
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Interest received during the year	**(31,874)**	-	-	**(31,874)**
Interest accrued for the year	**10,875**	-	-	**10,874**
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Matured during the year	**(250,000)**	-	-	**(250,000)**
At June 30, 2023	**509,209**	-	-	**509,208**

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2021	2,033,970	-	-	2,033,970
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(1,675,000)	-	-	(1,675,000)
Interest accrued for the year	43,439	-	-	43,440
Interest received during the year	(122,203)	-	-	(122,203)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2022	280,208	-	-	280,208

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2020	3,168,773	-	-	3,168,773
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(1,150,000)	-	-	(1,150,000)
Interest accrued for the year	99,829			99,829
Interest received during the year	(84,632)			(84,632)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2021	2,033,970	-	-	2,033,970

16. PLACEMENTS WITH BANK AND NON-BANK FINANCIAL INSTITUTIONS (CONTINUED)

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2022	**1,035**	**-**	**-**	**1,035**
New assets originated or purchased	**2,070**	**-**	**-**	**2,070**
Assets derecognised or repaid (excluding write offs)	**(1,035)**	**-**	**-**	**(1,035)**
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Re-measurement of year end ECL	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2023	**2,070**	**-**	**-**	**2,070**

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2021	7,872	-	-	7,872
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(6,837)	-	-	(6,837)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Re-measurement of year end ECL	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2022	1,035	-	-	1,035

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2020	11,573	-	-	11,573
New assets originated or purchased	1,248	-	-	1,248
Assets derecognised or repaid (excluding write offs)	(4,590)	-	-	(4,590)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Re-measurement of year end ECL	(359)			(359)
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2021	7,872	-	-	7,872

17. FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised costs include investments in treasury bills and notes.

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July 1,	**3,958,090**	2,507,597	3,681,657
Additions during the year	**1,000,000**	1,949,199	3,002,619
Matured during the year	**(989,600)**	(500,000)	(4,157,987)
Interest accrued	**(68,172)**	(43,200)	(52,312)
Interest income (note 6)	**60,978**	44,494	33,621
At June 30,	**3,961,296**	3,958,090	2,507,597
Less: allowance for credit losses	**(8,913)**	(8,906)	(1,580)
	3,952,383	3,949,184	2,506,017

(a) Remaining terms to maturity

	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Up to 3 months	**1,502,843**	992,800	498,860
Over 3 months and up to 6 months	**-**	-	-
Over 6 months and up to 12 months	**1,751,398**	-	-
Over 1 year and up to 5 years	**707,054**	2,965,290	2,008,737
	3,961,296	3,958,090	2,507,597

Financial assets at amortised cost include investments made in treasury bills and notes.

Credit loss allowance for financial assets at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit grading system and year-end stage classification. The amounts presented are gross of credit loss allowances. Details of the Group's internal grading system and whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.8.

	THE GROUP AND THE COMPANY			
	June 30, 2023			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	**3,961,296**	**-**	**-**	**3,961,296**
Standard grade	**-**	**-**	**-**	**-**
Non-performing				
Individually impaired	**-**	**-**	**-**	**-**
Total	**3,961,296**	**-**	**-**	**3,961,296**

	THE GROUP AND THE COMPANY			
	June 30, 2022			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	3,958,090	-	-	3,958,090
Standard grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	3,958,090	-	-	3,958,090

17. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

	THE GROUP AND THE COMPANY			
	June 30, 2021			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	2,507,597	-	-	2,507,597
Standard grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	2,507,597	-	-	2,507,597

An analysis of changes in the gross carrying amount and the corresponding ECL allowances are as follows:

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Gross carrying amount as at July 1, 2022	**3,958,090**	-	-	**3,958,090**
New assets originated or purchased	**996,006**	-	-	**996,006**
Assets derecognised or repaid (excluding write offs)	**(992,800)**	-	-	**(992,800)**
Transfers to Stage 1		-	-	-
Transfers to Stage 2		-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2023	**3,961,296**	-	-	**3,961,296**

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Gross carrying amount as at July 1, 2021	2,507,597	-	-	2,507,597
New assets originated or purchased	1,949,376	-	-	1,949,376
Assets derecognised or repaid (excluding write offs)	(498,883)	-	-	(498,883)
Transfers to Stage 1		-	-	-
Transfers to Stage 2		-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2022	3,958,090	-	-	3,958,090

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Gross carrying amount as at July 1, 2020	3,681,657	-	-	3,681,657
New assets originated or purchased	3,036,240	-	-	3,036,240
Assets derecognised or repaid (excluding write offs)	(4,210,300)	-	-	(4,210,300)
Transfers to Stage 1		-	-	-
Transfers to Stage 2		-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2021	2,507,597	-	-	2,507,597

17. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

	Stage 1 Individual Rs'000	Stage 2 Individual Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance as at July 1, 2022	**8,906**	-	-	**8,906**
New assets originated or purchased	**2,248**	-	-	**2,248**
Assets derecognised or repaid (excluding write offs)	**(2,234)**	-	-	**(2,234)**
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Remasurement of ECL	**(7)**	-	-	**(7)**
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2023	**8,913**	-	-	**8,913**

	Stage 1 Individual Rs'000	Stage 2 Individual Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance as at July 1, 2021	1,580	-	-	1,580
New assets originated or purchased	4,403	-	-	4,403
Assets derecognised or repaid (excluding write offs)	(600)	-	-	(600)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	3,523	-	-	3,523
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2022	8,906	-	-	8,906

	Stage 1 Individual Rs'000	Stage 2 Individual Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance as at July 1, 2020	2,154	-	-	2,154
New assets originated or purchased	1,864	-	-	1,864
Assets derecognised or repaid (excluding write offs)	(2,438)	-	-	(2,438)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2021	1,580	-	-	1,580

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July 1,	120,321	77,475	38,714
Additions during the year	96,743	43,700	28,222
Disposal proceeds during the year	(1,765)	(10,481)	(1,439)
Net Profit/ (loss) on disposal	(2)	47	(118)
Fair value movement	(11,351)	9,580	12,095
At June 30,	203,946	120,321	77,475

The fair values of these investments are determined based on quoted market prices in active markets. Hence, classified under Level 1. There has been no transfer between levels.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE-ASSETS

THE GROUP

(a) 2023	Freehold land Rs'000	Building Rs'000	Furniture, fittings and equipment Rs'000	Office equipment Rs'000	Motor vehicles Rs'000	Computer equipment Rs'000	Right of use assets* Rs'000	Work in progress Rs'000	Total Rs'000
COST									
At July 1, 2022	43,214	218,598	46,081	16,872	8,120	172,962	13,384	2,649	521,879
Transfer from Investment Property		407	8,647	2,188	-		16		11,256
Reclassification	-	638	-	-	-	1,156		(1,794)	-
Additions	-	23,041	5,492	30,349	6,750	15,239		23	80,895
At June 30, 2023	43,214	242,684	60,219	49,408	14,870	189,357	13,401	878	614,030
IMPAIRMENT									
At July 1, 2022	-	26,370	-	-	-	-	-	-	26,370
Reversal for the year	-	(317)	-	-	-	-	-	-	(317)
At June 30, 2023	-	26,053	-	-	-	-	-	-	26,053
DEPRECIATION									
At July 1, 2022	-	33,021	38,076	16,737	7,035	141,911	7,785	-	244,565
Depreciation adjustment							(5,530)		(5,530)
Charge for the year	-	5,051	4,203	6,588	1,893	18,983	830	-	37,548
At June 30, 2023	-	38,072	42,280	23,325	8,928	160,895	3,085	-	276,583
NET BOOK VALUE									
At June 30, 2023	43,214	178,560	17,939	26,083	5,942	28,463	10,316	878	311,394

Following a review of the recoverable amount of the building, impairment losses amounting to Rs 26.4 million were recognised in the prior year. These were based on management estimates and attributed to the increase in vacancy rates for office spaces within the specific regions where the properties are located. An amount of Mur 317,000 has been reversed during the year as a result of changes in key inputs, namely rental income and construcion cost, used in the valuation.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

THE GROUP

(a) 2022

	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets	Work in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST									
At July 1, 2021	43,214	218,598	45,519	16,839	8,120	171,168	9,223	-	512,680
Additions	-	-	561	32	-	1,794	1,917	2,649	6,954
Lease remeasurement	-	-	-	-	-	-	2,899	-	2,899
Transfer to investment property	-	-	-	-	-	-	(654)	-	(654)
At June 30, 2022	43,214	218,598	46,081	16,872	8,120	172,962	13,384	2,649	521,879
IMPAIRMENT									
At July 1, 2021	-		-	-	-	-	-	-	-
Charge for the year	-	26,370	-	-	-	-	-	-	26,370
At June 30, 2022	-	26,370	-	-	-	-	-	-	26,370
DEPRECIATION									
At July 1, 2021	-	28,243	35,212	15,891	5,592	125,925	1,325	-	212,189
Charge for the year	-	4,778	2,864	846	1,443	15,986	6,460	-	32,376
									-
At June 30, 2022	-	33,021	38,076	16,737	7,035	141,911	7,785	-	244,565
NET BOOK VALUE									
At June 30, 2022	43,214	159,207	8,004	135	1,085	31,051	5,599	2,649	250,945

The directors are of the opinion that property, equipment and right of use asset of the Group has suffered an impairment loss of Rs. 26.3m as at 30 June 2022.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

THE GROUP	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(b) 2021								
COST								
At July 1, 2021	13,600	158,999	45,519	16,682	8,120	170,883	10,072	423,875
Additions	29,614	59,599	-	157	-	285	642	90,297
Lease remeasurement	-	-	-	-	-	-	(1,491)	(1,491)
Transfer to investment property	-	-	-	-	-	-	-	-
Impairment on assets	-	-	-	-	-	-	-	-
At June 30, 2021	43,214	218,598	45,519	16,839	8,120	171,168	9,223	512,680
DEPRECIATION								
At July 1, 2020	-	24,483	31,798	15,244	4,150	109,985	1,538	187,197
Derecognition	-	-	-	-	-	-	(1,338)	(1,338)
Charge for the year	-	3,760	3,414	647	1,443	15,941	1,125	26,330
At June 30, 2021	-	28,243	35,212	15,891	5,592	125,925	1,325	212,189
NET BOOK VALUE								
At June 30, 2021	43,214	190,355	10,307	949	2,528	45,242	7,897	300,491

The directors are of the opinion that property, equipment and right of use asset of the group has not suffered any impairment loss as at 30 June 2021.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

THE COMPANY	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets	Work in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) 2023									
COST									
At July 1, 2022	29,614	59,369	46,080	16,871	8,120	172,962	45,353	2,649	381,018
Transfer to Investment Property	-	407	-	-	-	-	16	-	424
Reclassification	-	638	-	-	-	1,156	-	(1,794)	-
Additions		20,087	4,701	28,704	6,750	15,239	-	23	75,505
At June 30, 2023	29,614	80,502	50,781	45,574	14,870	189,357	45,369	878	456,947
IMPAIRMENT									
At July 1, 2022	-	26,370	-	-	-	-	-	-	26,370
Reversal for the year	-	(317)	-	-	-	-	-	-	(317)
At June 30, 2023	-	26,053	-	-	-	-	-	-	26,053
DEPRECIATION									
At July 1, 2022	-	2,325	38,076	16,737	7,035	141,911	34,224	-	240,308
Charge for the year	-	1,577	3,260	5,822	1,893	18,983	830	-	32,364
At June 30, 2023	-	3,904	41,336	22,558	8,927	160,895	35,054	-	272,672
NET BOOK VALUE									
At June 30, 2023	29,614	50,545	9,445	23,016	5,943	28,463	10,316	878	158,222

Following a review of the recoverable amount of the building, impairment losses amounting to Rs 26.4 million were recognised in the prior year. These were based on management estimates and attributed to the increase in vacancy rates for office spaces within the specific regions where the properties are located. An amount of Mur 317,000 has been reversed during the year as a result of changes in key inputs, namely rental income and construcion cost, used in the valuation.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

THE COMPANY	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets	Work in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) 2022									
COST									
At July 1, 2021	29,614	59,369	45,519	16,839	8,120	171,168	40,537	-	371,165
Additions			561	32		1,794	1,917	2,649	6,953
Lease adjustment	-	-	-	-	-	-	2,899	-	2,899
At June 30, 2022	29,614	59,369	46,080	16,871	8,120	172,962	45,353	2,649	381,017
IMPAIRMENT									
At July 1, 2021	-	-	-	-	-	-	-	-	-
Charge for the year	-	**26,370**	-	-	-	-	-	-	**26,370**
At June 30, 2022	-	**26,370**	-	-	-	-	-	-	**26,370**
DEPRECIATION									
At July 1, 2021	-	507	35,212	15,891	5,592	125,925	27,764	-	210,891
Charge for the year	-	1,819	2,864	846	1,443	15,986	6,460	-	29,417
At June 30, 2022	-	2,326	38,076	16,737	7,035	141,911	34,224	-	240,308
NET BOOK VALUE									
At June 30, 2022	29,614	30,674	8,003	134	1,085	31,051	11,129	2,649	114,340

The directors are of the opinion that property, equipment and right of use asset of the company has suffered an impairment loss of Rs. 26.3m as at 30 June 2022.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

THE COMPANY	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(b) 2021								
COST								
At July 1, 2020	-	-	45,519	16,682	8,120	170,883	41,043	282,247
Additions	29,614	59,369	-	157	-	285	642	90,067
Derecognition	-	-	-	-	-	-	(1,149)	(1,149)
At June 30, 2021	29,614	59,369	45,519	16,839	8,120	171,168	40,537	371,165
DEPRECIATION								
At July 1, 2020	-	-	31,798	15,244	4,150	109,985	15,067	176,243
Derecognition	-	-	-	-	-	-	(1,149)	(1,149)
Charge for the year	-	507	3,414	647	1,443	15,941	13,846	35,797
At June 30, 2021	-	507	35,212	15,891	5,592	125,925	27,764	210,891
NET BOOK VALUE								
At June 30, 2021	29,614	58,862	10,307	949	2,528	45,242	12,773	160,274

The directors are of the opinion that property, equipment and right of use asset of the company has not suffered any impairment loss as at 30 June 2021.

20. INTANGIBLE ASSETS

COMPUTER SOFTWARE	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
COST						
At July 1,	**215,910**	215,104	212,648	**215,344**	214,538	212,314
Transfer from/to other assets (note 23)	**(588)**	638	-	**(588)**	638	-
Additions	**1,889**	168	2,456	**1,889**	168	2,224
At June 30,	**217,212**	215,910	215,104	**216,646**	215,344	214,538
AMORTISATION						
At July 1,	**192,803**	178,700	163,742	**192,351**	178,361	163,608
Charge for the year	**14,056**	14,103	14,959	**13,942**	13,990	14,753
At June 30,	**206,859**	192,803	178,700	**206,293**	192,351	178,361
NET BOOK VALUE						
At June 30,	**10,353**	23,107	36,404	**10,352**	22,993	36,177

As at June 30, 2023, computer software in progress amounted to Rs 49,875 (2022: Rs 637,000 , 2020: Nil).

21. INVESTMENT IN ASSOCIATE

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At 01 July	**88,312**	98,113	-
Additions	**-**	-	99,975
Share of loss	**(2,951)**	(9,801)	(1,862)
At 30 June	**85,361**	88,312	98,113
Share Application Monies	**49,120**	-	-
At 30 June	**134,481**	88,312	98,113

Additional Investment of Mur 49.12 m was made during the year, against which shares were yet to be allotted to the Company at the reporting date.

(i) Details of the investment in associates are as follows:

Name of Associate	Country of incorporation	Principal activity	Proportion of ownership
Victoria Station Ltd	Mauritius	Property company	Ordinary shares - 93,000 shares representing 18%

Significant influence is evidenced by the fact that the association has appointed 2 out of 5 directors on the board of Victoria Station Ltd.

(ii) Details of the associate are as per below:	**Unaudited 2023**	Audited 2022	Audited 2021
	Rs'000	Rs'000	Rs'000
Current Assets	**95,648**	62,223	33,132
Non-Current Assets	**2,204,130**	1,925,963	1,143,843
Current Liabilities	**86,045**	153,882	6,732
Non-Current Liabilities	**1,739,503**	1,342,296	601,001
Equity attributable to owners of the company	**474,230**	492,009	508,652
Revenue	**166,745**	25,052	642
Expenses	**184,523**	41,501	10,983
Loss for the year	**17,778**	16,449	10,342
Other comprehensive loss for the year	**-**	-	-
Total comprehensive loss for the year	**17,778**	16,449	10,342
Group's shares of comprehensive income for the year (based on unaudited figure)	**3,200**	3,210	1,862
Group's shares of comprehensive (loss)/income for the year (based on previous year audited figure)	**(249)**	6,591	-

21. INVESTMENT IN ASSOCIATE (CONTINUED)

The share of the group over the associate is reconciled as follows:

	30 June 2023				
	Share Capital	Share Premium	Pre-acquisition reserve	Post-acquisition reserve	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
The associate	517,000	11,175	(9,182)	(44,763)	474,230
Group's share in equity	93,000	6,975	-	(14,614)	85,361

(iii) Victoria Station has started operations since 2021.

(iv) The directors have assessed the carrying amount of the investment in associates and believe that the investments have not suffered impairment in value as at 30 June 2023.

	30 June 2022				
	Share Capital	Share Premium	Pre-acquisition reserve	Post-acquisition reserve	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
The associate	517,000	11,175	(9,182)	(26,984)	492,009
Group's share in equity	93,000	6,975	-	(11,663)	88,312

(v) Victoria Station has recently started operations.

(vi) The directors have assessed the carrying amount of the investment in associates and believe that the investments have not suffered impairment in value as at 30 June 2022.

	30 June 2021				
	Share Capital	Share Premium	Pre-acquisition reserve	Post-acquisition reserve	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
The associate	517,000	11,175	(9,182)	(10,341)	508,652
Group's share in equity	93,000	6,975	-	(1,862)	98,113

(vii) Victoria Station has recently started operations.

(viii) The directors have assessed the carrying amount of the investment in associates and believe that the investments have not suffered impairment in value as at 30 June 2021.

22. INVESTMENT PROPERTIES

(a) 2023

	THE GROUP			
	Leasehold rights	Freehold land	Buildings	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2022	30,000	39,776	461,793	531,569
Additions during the year	-	-	1,945	1,945
Transfer to Property, Plant and Equipment	(16)	(407)	(10,834)	(11,258)
Fair value adjustments	2,000	4,000	5,213	11,213
At June 30, 2023	31,984	43,369	458,116	533,469

(b) 2022

	THE GROUP			
	Leasehold rights	Freehold land	Buildings	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2021	-	35,643	588,375	624,017
Additions during the year	8,245	-	20,322	28,567
Transfer from Property, Plant and Equipment	-	654	-	654
Fair value adjustments	21,755	3,480	(146,904)	(121,669)
At June 30, 2022	30,000	39,776	461,793	531,569

22. INVESTMENT PROPERTIES (CONTINUED)

(c) 2021

	THE GROUP		
	Freehold land	Buildings	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2020	28,996	218,173	247,170
Additions during the year	-	368,258	368,258
Fair value adjustments	6,646	1,944	8,590
At June 30, 2021	35,643	588,375	624,017

(d) 2023

	THE COMPANY		
	Leasehold rights	Buildings	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2022	**30,000**	**218,106**	**248,106**
Transfer to Property, Plant and Equipment	**(16)**	**(407)**	**(424)**
Fair value adjustments	**2,000**	**(1,699)**	**301**
At June 30, 2023	**31,984**	**216,000**	**247,984**

(e) 2022

	THE COMPANY		
	Leasehold rights	Buildings	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2021	-	368,129	368,129
Additions during the year	8,245	-	8,245
Fair value adjustments	21,755	(150,023)	(128,268)
At June 30, 2022	30,000	218,106	248,106

(f) 2021

	THE COMPANY		
	Freehold land	Buildings	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2020	-	-	-
Additions during the year	-	368,129	368,129
At June 30, 2021	-	368,129	368,129

(g) Mutual Aid Building 1 and 2

The investment properties are valued annually and have been valued on June 30, 2023 at fair value by Saddul & Partners, an independent professionally qualified valuer. The properties were valued using the discounted cash flow model where the actual and estimated potential rental income were considered with allowances made for voids, management, insurance, repairs and associated costs. Yield used in the valuation of the properties are as follows:

	2023	2022	2021
	%	%	%
Mutual Aid Building 1	**7.00%**	7.00%	7.00%
Mutual Aid Building 2	**7.00%**	7.00%	7.00%

(h) Details of the Group's investment properties and information about the fair value hierarchy as at June 30, 2023, 2022 and 2021 are as follows:

2023	THE GROUP		
	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	**-**	**-**	**533,469**

22. INVESTMENT PROPERTIES (CONTINUED)

(h) **2022**

	THE GROUP		
	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	531,569

2021

	THE GROUP		
	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	624,017

2023

	THE COMPANY		
	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	**247,984**

2022

	THE COMPANY		
	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	248,106

2021

	THE COMPANY		
	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	368,129

The reconciliation is shown below:

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
At July, 1	**531,569**	624,017	247,170	**248,106**	368,129	-
Adjustment to Opening Balance	**(424)**	-	-	-	-	-
Additions	**1,945**	28,567	368,258	-	8,245	368,129
Transfers	**(10,834)**	654	-	**(424)**	-	-
Fair value movement	**11,213**	(121,669)	8,590	**301**	(128,268)	-
At June, 30	**533,469**	531,569	624,017	**247,984**	248,106	368,129

The significant unobservable inputs used in the fair value measurement categorised within Level 3 and 2 of the fair value hierarchy together with a quantitative sensitivity analysis at June 30, 2022, 2021 and 2020 are shown below:

	Valuation technique(s) and key input(s)	Sensitivity used	Effect on fair value		
			2023	2022	2021
Level 3			**Rs'000**	Rs'000	Rs'000
Land	DCF - actual and estimated potential rental income	1% increase in rental income	**754**	698	356
		1% decrease in rental income	**(754)**	(698)	(356)
Buildings	DCF - actual and estimated potential rental income	1% increase in rental income	**4,581**	4,618	5,884
		1% decrease in rental income	**(4,581)**	(4,618)	(5,884)
Land & Building	Yield rate	1% increase in yield rates	**11,213**	17,381	3,123
		1% decrease in yield rates	**(11,213)**	(17,381)	(3,123)

22. INVESTMENT PROPERTIES (CONTINUED)

(i) The following amounts have been recognised in profit or loss:

	THE GROUP		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Rental income	**18,563**	15,256	17,248
Direct operating expenses arising from investment properties that generate rental income	**(10,435)**	(10,188)	(9,569)
Direct operating expenses arising from investment properties that did not generate rental income	**(10,572)**	(6,792)	(6,454)

23. OTHER ASSETS

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Tax deducted at source on rental income	**2,449**	969	1,843	**969**	969	968
Advance payment for property, plant and equipment and softwares	**17,500**	-	82	**17,500**	-	82
VAT receivable	**52,662**	52,662	53,856	**52,662**	52,662	52,662
Prepayments	**262,623**	17,964	13,548	**262,414**	16,097	14,909
Other receivables	**27,700**	6,690	3,355	**30,602**	5,127	2,149
	362,934	78,285	72,684	**364,147**	74,855	70,769

Other receivables for the company include advance payment and receivable from the subsidiary. The carrying amount of other asset approximates the fair value of the assets.

None of the receivable balances included in other assets are impaired. The maximum exposure to credit risk is the fair value of each class of receivable mentioned above. The Group and the Company do not hold any collateral as security over the assets.

24. DEPOSITS FROM CUSTOMERS

	THE GROUP AND THE COMPANY		
	2023	2022	2021
Retail customers	**Rs'000**	Rs'000	Rs'000
Time deposits with remaining term to maturity			
Up to 3 months	**1,840,262**	1,492,960	999,264
Over 3 months and up to 6 months	**1,610,003**	1,307,755	984,193
Over 6 months and up to 12 months	**2,338,768**	2,778,926	3,105,391
Over 1 year and up to 5 years	**10,152,297**	12,541,032	14,991,597
Over 5 years	**3,586,874**	2,675,348	1,958,040
Corporate customers			
Time deposits with remaining term to maturity			
Up to 3 months	**65,162**	298,224	122,247
Over 3 months and up to 6 months	**57,323**	186,253	347,910
Over 6 months and up to 12 months	**117,378**	372,643	405,450
Over 1 year and up to 5 years	**490,923**	550,612	1,406,600
Over 5 years	**83**	1,033	75
	20,259,073	22,204,786	24,320,767

25. INTEREST BEARING LOANS

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July 1,	**-**	-	-
Addition to loans	**2,500,000**	-	-
Interest expense (Note 6)	**63,268**	-	-
Repayment	**(194,616)**	-	-
At June 30,	**2,368,652**	-	-

25. INTEREST BEARING LOANS (CONTINUED)

The movement in Interest bearing loans was only of cash nature.

The loans from banks are repayable after 5 years with monthly loan repayment.

i) Bank loan of Rs. 1.5bn

Security - Pledging of all assets of the Company, excluding freehold immovable properties.
Tenor - 60 Months (exclusive of a moratorium period of 6 months on capital)

ii) Bank loan of Rs. 1bn

Security - Pledging of all removable and immovable assets of the Company up to Mur 5bn and excluding freehold immovable properties.
Tenor - 60 Months

(i) Effective interest rates

	2023	2022	2021
The effective interest rates at the end of reporting date were as follows:	**%**	%	%
Borrowings from banks	**3.25 - 5.75**	N/A	N/A

26. FUNDS

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
The Funds are made up as follows:			
Guarantee Benevolent Scheme (Note (a))	**53,423**	55,496	59,174
Mutual Solidarity Contribution (Note (b))	**1,676,398**	1,574,711	1,464,728
Retirements Saving Scheme (Note (c))	**2,009,863**	2,031,316	1,966,745
	3,739,685	3,661,523	3,490,647

(a) Guarantee Benevolent Scheme

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Income for the year			
Subscriptions	**6,037**	6,272	6,545
Less: Expenditure for the year			
Management fees	**923**	982	1,055
Death and surgical grants	**2,588**	2,769	2,499
	3,510	3,750	3,554
Surplus for the year	**2,527**	2,521	2,992
Fair value movement	**(4,600)**	(6,200)	(7,600)
At July 1,	**55,496**	59,174	63,783
At June 30,	**53,423**	55,496	59,174

In June 2023, the valuation of the Fund has been carried out by an independent actuary, Swan Actuarial Services Ltd for the financial year ended June 30, 2023 and have estimated that the Fund has a surplus of Rs4.6M (2022: Rs 6.2M, 2021: Rs 7.6 M). The fair value of the Fund is Rs53.4M (2022: Rs 55.5 M, 2020: Rs 59.1 M) and has been classified as level 3.

The surplus released to profit or loss in the financial year 2023 amounted to Rs 4.6M (2022: Rs 6.2M, 2021: Rs 7.6M).

26. FUNDS (CONTINUED)

(a) Guarantee Benevolent Scheme (Continued)

Assumptions used 2023:

Mortality table	**83%**	Based on the actual mortality over 3-year period
Discount rate	**0%**	Has been set to 0% given the fact that the assets earmarked for the Fund do not give rise to investments returns

Assumptions used 2022:

Mortality table	83%	Based on the actual mortality over 3-year period
Discount rate	0%	Has been set to 0% given the fact that the assets earmarked for the Fund do not give rise to investments returns

Assumptions used 2021:

Mortality table	83%	Based on the actual mortality over 3-year period
Discount rate	0%	Has been set to 0% given the fact that the assets earmarked for the Fund do not give rise to investments returns

A quantitative sensitivity analysis for significant assumptions is shown below on the basis that all other variables remain constant.

Impact on profit	**2023**	2022	2021	**2023**	2022	2021
				Rs'000	Rs'000	Rs'000
Mortality table	**73%**	73%	73%	**6,300**	8,200	9,500
	93%	93%	93%	**3,300**	4,400	6,000

(b) Mutual Solidarity Contribution

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July 1,	**1,574,711**	1,464,728	1,306,296
Interest expense (Note 6)	**70,849**	-	-
Premiums claimed on loans	**250,323**	280,957	322,867
	1,895,883	1,745,685	1,629,163
Fair value movement	**(77,600)**	45,500	25,300
Amount written off for deceased loanees	**(211,793)**	(253,374)	(149,149)
Charge/release for the year (note 14(b))	**69,909**	36,900	(40,586)
At June 30,	**1,676,398**	1,574,711	1,464,728

In June 2023, the valuation of the Fund has been carried out by an independent actuary, Swan Actuarial Services Ltd for the financial year ended June 30, 2023 and it has been estimated that the Fund has a surplus of Rs 77.6M (2022: shortfall of Rs 45.5M, 2021: shortfall of Rs 25.3M). The fair value of the Fund is Rs1,676.4M (2022: Rs 1,574.7M, 2021: Rs 1,464.7M) and has been classified as level 3.

The surplus released/charged to profit or loss in the financial year 2023 amounted to Rs 77.6M (2022: Rs 45.5 M, 2021: Rs 25.3M).

Assumptions used 2023:

Mortality table	100%	Based on comparison of the mortality assumption of SA85/90 against that from Statistics Mauritius
Discount rate	3%	Has been set to 3% based on expected future investments returns

Assumptions used 2022:

Mortality table	100%	Based on comparison of the mortality assumption of SA85/90 against that from Statistics Mauritius
Discount rate	0%	Has been set to 0% given the fact that the assets earmarked for the Fund do not give rise to investments returns

Assumptions used 2021:

Mortality table	100%	Based on comparison of the mortality assumption of SA85/90 against that from Statistics Mauritius
Discount rate	0%	Has been set to 0% given the fact that the assets earmarked for the Fund do not give rise to investments returns

A quantitative sensitivity analysis for significant assumptions is shown below on the basis that all other variables remain constant.

26. FUNDS (CONTINUED)

(b) Mutual Solidarity Contribution (Continued)

Impact on profit	2023 Rs'000	2022 Rs'000	2021 Rs'000
Effect of using (2023: 90% SA 85/9, 2022: 90% SA 85/9 and 2021: 90% SA 85/9)	**230,200**	(700)	49,700

(c) Retirement Savings Scheme

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July 1,	**2,031,316**	1,966,745	1,902,453
Less lump sums forfeited	**(2,985)**	(3,502)	(4,039)
	2,028,331	1,963,243	1,898,414
Interest for the year (Note 6)	**48,674**	47,333	65,048
New contributions	**128,195**	142,337	142,429
Less: Expenditure for the year			
Payment to Contributors	**(195,337)**	(121,597)	(139,147)
At June 30,	**2,009,863**	2,031,316	1,966,745

Lump sum payments to contributors on retirement represent contribution received plus accrued interest.

27. PENSION BENEFIT OBLIGATIONS

(i) The amounts recognised in the statements of financial position are as follows:

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Present value of funded obligations	**295,715**	289,476	293,295
Fair value of plan assets	**(290,103)**	(241,914)	(246,647)
Liability in the statement of financial position	**5,612**	47,562	46,648

The reconciliation of the opening balances to the closing balances for the net defined benefit (asset)/ liability is as follows:

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July 1,	**47,562**	46,648	139,994
Charged to profit or loss	**17,660**	17,394	18,575
(Credited)/Charged to other comprehensive income	**(15,033)**	(11,524)	(101,598)
Contributions paid	**(44,577)**	(4,957)	(10,323)
	5,612	47,562	46,648

The Company operates a final salary defined benefit pension or retirement plan for its employees.

The Mauritius Civil Service Mutual Aid Association Ltd Employees Superannuation and Pension Fund is responsible for management of Fund.

(ii) The movement in the defined benefit obligations over the year is as follows:

	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July 1,	**289,476**	293,295	363,519
Current service cost	**9,084**	9,235	14,496
Interest expense	**16,008**	14,665	10,801
Employees' contribution	**3,017**	3,062	3,107
Benefits paid	**(9,058)**	(10,872)	(7,037)
Effect of Curtailment/Settlement	**(2,099)**	-	-
- liability experience loss	**1,932**	3,388	31,425
- demographic assumptions	**-**	(6,660)	-
- financial assumptions	**(12,645)**	(16,637)	(123,016)
At June 30,	**295,715**	289,476	293,295

27. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(iii) The movement in the fair value of plan assets of the year is as follows:

	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July 1,	**(241,914)**	(246,647)	(223,525)
Interest income	**(8,652)**	(7,434)	(6,722)
Employer contributions	**(4,877)**	(4,957)	(10,323)
Benefits paid	**9,058**	10,872	7,037
Effect of Curtailment/Settlement	**2,099**	-	-
Employee contributions	**(3,017)**	(3,062)	(3,107)
(Return)/loss on plan assets excluding interest income	**(42,800)**	9,314	(10,007)
At June 30,	**(290,103)**	(241,914)	(246,647)

(iv) The amounts recognised in profit or loss are as follows:

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Current service cost	**9,084**	9,235	14,496
Scheme expenses	**1,220**	928	-
Interest expense	**16,008**	14,665	10,801
Interest income	**(8,652)**	(7,434)	(6,722)
Total, included in personnel expenses (note 9)	**17,660**	17,394	18,575

(v) The amounts recognised in other comprehensive income are as follows:

	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Remeasurement on the net defined benefit liability:			
Liability experience losses	**1,932**	3,388	31,425
Actuarial (gains)/losses arising from changes in:			
- demographic assumptions	-	(6,660)	-
- financial assumptions	**(12,645)**	(16,637)	(123,016)
Actuarial (gains)/losses	**(10,713)**	(19,909)	(91,591)
(Return)/loss on plan assets excluding interest income	**(4,320)**	8,385	(10,007)
	(15,033)	(11,524)	(101,598)

(vi) The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Fixed income			
- local quoted	-	-	22,198
- overseas quoted	**34,812**	21,772	-
- local quoted	**37,713**	26,611	17,265
- overseas quoted	**31,911**	24,191	-
Debt - local quoted	**136,348**	152,406	167,720
Cash and Other	**49,318**	16,934	39,464
	290,103	241,914	246,647

The assets of the plan are invested in the entity's own financial instruments. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the policy. Expected yields on fixed interest investments are based on gross redemption yields as at end of period.

27. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(vii) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	%	%	%
Discount rate	**5.80**	5.53	5.00
Expected rate of return on plan assets	**5.80**	5.53	5.00
Future salary increases	**5.50**	5.50	5.00
Future pension increases	**2.00**	2.00	2.00
Post retirement mortality	**PMA(92)/PFA(92)**	PMA92	PFA92

The return on plan assets including interest was Rs51.45M for the year ended June 30, 2023 (2022: Rs 1.88M, 2021: 16.73M).

(viii) Sensitivity analysis on defined benefit obligations and in future long-term salary assumption at the end of the reporting date:

	Impact on defined benefit obligation		
	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Increase due to 1% decrease in discount rate	**55,035**	55,765	53,247
Decrease due to 1% increase in discount rate	**(42,724)**	(43,040)	(41,345)

The sensitivity analysis above have been determined based on sensitivity changes of the discount rate occuring at the end of the reporting period if all other assumptions remained unchanged. An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

(ix) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(x) The weighted average duration of the defined benefit obligation is 17 years at the end of the reporting period (2022: 18 years, 2021: 16 years).

(xi) The plan exposes the Group to normal risks associated with defined benefit plans such as investment, interest, inflation, longevity and liquidity risks.

Investment risk

With guaranteed defined pension benefits, the sponsor takes the full blow of any asset underperformance, whether due to internal factors (for example poor investment advice) or external factors (for example geopolitical disruptions).

Interest rate risk

A low interest rate environment is conducive to a higher DB obligation that may only be partially offset by higher asset values (debt securities) and lower salary increases. This mismatch risk is exacerbated if the liability duration exceeds that of the assets.

Inflation risk

Higher than expected inflation has a knock-on effect on salary increments which in turn give rise to higher pension promises. Inflationary pressures may lead the Managing Committee to grant higher discretionary pension increases. To the extent that nominal asset returns are not adequately compensated through the inflation risk premium, the sponsor is exposed to the risk of having to contribute more into the pension fund.

Longevity risk

The pension fund is exposed to the risk of pensioners outliving their life expectancy (under the PA(92) mortality table) and creating a shortfall within the scheme.

Liquidity risk

The pension fund may be subject to fire sale or forced to invest in short term bonds to be able to meet its outflows. This risk increases as the number of pensioners grows while the number of active members remains static or contracts.

(xii) Retirement benefit obligations have been based on the report submitted by Actuarial Insights dated 13th September 2023.

28. OTHER LIABILITIES

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Other payables	**99,918**	107,180	79,612	**96,469**	103,569	80,290
Lease liability	**20,095**	20,556	8,418	**19,946**	20,342	13,254
Dividend payable (note 31)	**126,039**	112,042	66,847	**126,039**	112,042	66,847
	246,052	239,778	154,878	**242,454**	235,953	160,391

Other payables include fees payable to suppliers.

The carrying amounts of other liabilities approximate their fair values.

The carrying amounts of lease liabilities and the movements during the period are shown below:

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
As at July 1,	**20,555**	8,418	8,941	**20,342**	13,254	26,503
Additions	**-**	13,062	642	**-**	9,919	642
Interest Expense (Note 10)	**1,376**	1,660	618	**1,372**	1,713	1,113
Lease adjustment	**-**	10,527	(168)	**-**	3,143	
Payments	**(1,837)**	(13,111)	(1,615)	**(1,767)**	(7,687)	(15,004)
As at June 30,	**20,095**	20,555	8,418	**19,946**	20,342	13,254

The following are the amounts recognised in profit or loss:

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Depreciation expense on right of use assets (Note 19)	**830**	1,325	1,125	**830**	6,460	13,846
Lease adjustment		-	-	**-**	244	-
Interest expense on lease liability (Note 10)	**1,376**	1,660	618	**1,372**	1,713	1,113
Total amount recognised in profit or loss	**2,206**	2,985	1,743	**2,202**	8,417	14,959

Maturity analysis of lease liability are as follows:

2023

	THE GROUP		
	Up to 1 year	**1 to 5 years**	**Over 5 years**
	Rs'000	**Rs'000**	**Rs'000**
Lease liabilities	**256**	**856**	**18,978**

2022

	THE GROUP		
	Up to 1 year	1 to 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000
Lease liabilities	465	145	19,946

2021

	THE GROUP		
	Up to 1 year	1 to 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000
Lease liabilities	1,368	3,285	24,565

28. OTHER LIABILITIES (CONTINUED)

2023	**THE COMPANY**		
	Up to 1 year	**1 to 5 years**	**Over 5 years**
	Rs'000	**Rs'000**	**Rs'000**
Lease liabilities	**185**	**856**	**18,904**

2022	**THE COMPANY**		
	Up to 1 year	1 to 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000
Lease liabilities	396	-	19,946

2021	**THE COMPANY**		
	Up to 1 year	1 to 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000
Lease liabilities	6,933	2,800	24,080

29. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	Number of Shares	**Ordinary Shares**
		Rs'000
At July 1, 2020	2,255,295	225,530
Issue of shares	7,431	743
At June 30, 2021	2,262,726	226,273
Issue of shares	4,557	456
At June 30, 2022	**2,267,283**	**226,728**
Issue of shares	4,683	468
At June 30, 2023	**2,271,966**	**227,196**

(a) As at 30 June 2023, included within ordinary shares are 449,271 shares (2022: 422,214 shares, 2021: 389,135 shares) which relate to deceased members or members who no longer meet the membership criteria. Those shares have not been re-assigned or bought back by the company and form part of the paid up capital.

(b) Details pertaining to the share capital are as follows:

(i) The shares of the Company are only held and possessed by persons who hold a permanent and pensionable post in the public sector or receive a retirement pension from the Government of Mauritius and any other such institutions as may be approved by the Board.

(ii) All issued shares are fully paid. All shares are issued at a par value of Rs. 100 per share.

(iii) The shares owned by every member shall remain in pledge with the Company as an additional security for all debts whatsoever due by the members to the company.

30. RESERVES

a. *Revaluation reserves*

This reserve relates to revaluation recognised on property transferred to investment property.

30. RESERVES (CONTINUED)

b. *Statutory reserve*

In accordance with section 21 of the Banking Act 2004, the Company shall maintain a Statutory Reserve Account (SRA) and shall transfer each year to account out of net profits for the year, after due provision has been made for income tax, a sum equal to not less than 15 % of the net profits until the balance of the SRA is equal to the amount paid as stated capital.

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July 01,	**226,728**	226,273	225,530
Movement (Note 29)	**468**	456	743
At June 30,	**227,196**	226,728	226,273

c. *Actuarial reserves*

This reserve includes remeasurement of the net defined benefit liability.

	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July 1,	**(148,736)**	(158,301)	(242,627)
Remeasurement of post employment benefit obligations (Note 27(v))	**15,033**	11,524	101,598
Income tax relating to components of other comprehensive income (Note 11(b))	**(2,556)**	(1,959)	(17,272)
At June 30,	**(136,259)**	(148,736)	(158,301)

d. *Other reserves*

The Group is required to calculate stage 3 provisions as per IFRS 9 and provisioning as per the regulator's guideline. When provisions as per regulator is higher than IFRS, the Group is required to provide the excess as an appropriation of reserves. This reserve cannot be distributed and serves as a buffer.

	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July 01,	**327,081**	268,264	356,741
Movement	**(157,278)**	58,817	(88,477)
At June 30,	**169,803**	327,081	268,264

e. *Retained earnings*

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
At July 1,	**13,892,879**	12,577,871	11,082,412	**13,894,458**	12,589,217	11,112,950
Profit for the year	**1,397,600**	1,419,535	1,407,724	**1,375,721**	1,409,768	1,388,533
Movement in respect of the year (note (b) & (d))	**156,809**	(59,273)	87,734	**156,809**	(59,273)	87,734
Dividend declared (note 31)	**(45,344)**	(45,254)	-	**(45,344)**	(45,254)	-
At June 30,	**15,401,945**	13,892,879	12,577,871	**15,381,645**	13,894,458	12,589,217

31. DIVIDENDS

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
At July, 1	**112,042**	66,847	66,959
Proposed and declared on ordinary shares:			
Dividend on ordinary shares:			
Dividends: Rs20 (2022: Rs nil, 2021: Rs 20)	**45,344**	45,254	-
Dividend paid	**(31,348)**	(59)	(112)
At June, 30	**126,039**	112,042	66,847

Pursuand the annual general meeting held on 26 December 2022, dividend of Rs 45.3m was approved for distribution to shareholders, subject to approval of Bank of Mauritius.

32. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not yet incurred are as follows:

	THE GROUP			THE COMPANY		
	2023	2022	2021	**2023**	2022	2021
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Property, plant and equipment	**29,016**	92,300	20,612	**29,016**	92,300	-

(i) **Operating lease arrangement where the Group is the lessor**

Assets leased out under operating leases are included in Investment Property in the statement of financial position. They are carried at fair value, representing open-market value determined anually by external valuers. Rental Income is recognised in line with the relevant lease terms.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	The Group		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Not Later than 1 year	439	-	4,937
later than 1 year and not later than 2 years	9,342	9,248	3,894
Later than 2 years and not later than 3 years	5,177	4,598	2,013
Later than 3 years and not later than 4 years	-	-	-
Later than 4 years and not later than 5 years	-	-	-
	14,958	13,846	10,844

Operating lease repesents rental income from premises rented to outside parties. The lease is negociated for an average term of six months to three years.

The lessor manages the risk of not holding the assets it controls through insepction of the premises at a reasonable time during working hours with prior notice to the lessee. This condition is added on all lease agreements between the lessor and the lessee.

33. RELATED PARTY TRANSACTIONS

The Group has the following transactions with directors, senior management and its subsidiary.

	THE GROUP AND THE COMPANY		
	2023	2022	2021
	Rs'000	Rs'000	Rs'000
Remuneration (Note (a))	**32,814**	33,319	23,451
Interest on loans	**1,618**	1,485	1,159
Interest on deposits	**2,679**	430	398
Loans and advances (Note (b))	**36,508**	40,293	38,608
Contribution to The Mauritius Civil Service Mutual Aid Company Ltd Employees Superannuation and Pension Fund (Note 27(iii))	**4,877**	4,957	10,323
Deposits (Note (c))	**22,108**	15,333	14,282
Amount (payable)/receivable to subsidiary (note (f))	**3,379**	1,767	(587)

33. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Key management personnel compensation is set out below: (Continued)

	2023	2022	2021
	Rs'000	Rs'000	Rs'000
- Salaries and short-term employee benefits	**30,367**	30,852	21,700
- Post-employment benefits	**2,447**	2,467	1,751
	32,814	33,319	23,451
Loans to directors			
At July, 1	**806**	1,045	1,544
Directors who ceased to hold office during the year	**(203)**	-	-
Repayments	**(249)**	(239)	(500)
At June, 30	**354**	806	1,044
Loans to other related parties (key management personnel)			
At July, 1	**39,487**	37,564	23,270
Loan written off on deceased	**(382)**	-	-
Existing loans on newly assessed related parties during the year	-	-	6,954
Key management personnel who ceased to hold office during the year	**(2,345)**		
Loans granted during the year	**6,830**	7,649	13,739
Repayments during the year	**(7,436)**	(5,726)	(6,399)
At June, 30	**36,154**	39,487	37,564
TOTAL	**36,508**	40,293	38,608

(i) The rate of interest for the loans granted to related parties ranges from 2.5% to 10.30 % per annum for 2023 (2022: 1.75% to 7.55% p.a and 2021: 1.35% to 8.10%p.a).

(ii) The loans receivable at year end are secured by guarantors and/or collaterals with fixed repayment terms and settlement will occur in cash.

(iii) For the years ended June 30, 2023, 2022 and 2021, the loans due by related parties were neither past due nor impaired. This assessment is undertaken each financial year.

(iv) Exposure to the Company's top five related parties at June 30, 2023 were Rs.5.9m, Rs. 5.9m, Rs.5.4m, Rs. 5.3m and Rs.5.1m, These amounts represented 0.039%, 0.039%, 0.035%, 0.035% and 0.034% respectively of the Company's Tier's capital.

(b) Deposit facilities from related parties

	2023	2022	2021
Deposits from directors	Rs'000	Rs'000	Rs'000
At July, 1	**4,300**	3,800	3,500
Directors who ceased to hold office during the year	**(4,300)**	-	800
Deposits received during the year		500	(500)
At June, 30	-	4,300	3,800
Deposits from other related parties (key management personnel)			
At July, 1	**11,033**	10,482	10,582
Deposits received during the year	**11,700**	702	-
Deposits matured during the year	**(625)**	(151)	(100)
At June, 30	**22,108**	11,033	10,482
TOTAL	**22,108**	15,333	14,282

(i) The rate of interest for deposit granted to related parties ranges from 2.10% to 10.10% per annum for 2023 (2022: 1.00% to 7.85% p.a and 2021: 0.60% to 9.84%).

(ii) The deposits payable at year end are unsecured with fixed repayment terms and settlement will occur in cash.

33. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party transactions have been made in the normal course of business.

(d) Related party transactions with directors have been made on the same terms and conditions as for other customers.

(e) Amount due from subsidiary (disclosure for Company)

At the reporting dates, an amount of Rs 3,379,350 was receivable from the subsidiary, representing expenses paid on its behalf (2022: receivable of Rs1,766,709 and 2021: payable of Rs 586,984). The amount from subsidiary is non-interest bearing, unsecured and repayable on demand.

(f) Investment in Associate

Additional investment in the associate amounting to Mur 49,120,000 was made during the year. These has been recorded as 'share application monies' pending allotment of shares to the Company.

34. CONTINGENT LIABILITIES

There were no significant capital commitments and contingent liabilities as at the reporting date, that require adjustments to or disclosures in the financial statements.

35. EVENTS AFTER REPORTING DATE

The company has availed of additional loans from banks amounting to Mur 2.2bn subsequent to the reporting date.